



## NEWS: EUROPE

# Brussels to tell BAe to repay Rover cash

By Andrew Hill in Brussels

THE European Commission will next week order British Aerospace to repay £44.4m (\$68m) it received from the UK government to "sweeten" its purchase of Rover, the car manufacturer, in 1988.

BAe will also have to repay interest which has built up since Brussels ruled in 1990 that the sweeteners amounted to illegal state aid.

The recommendation by Mr Karel Van Miert, the EC competition commissioner, should be approved without further discussion by the 17 commissioners at Wednesday's commission meeting.

The decision should end four-and-a-half years of court cases and political wrangling within the commission and between Brussels and London. But BAe could launch a further court appeal against the new ruling. The company said yesterday it would not decide whether to challenge the decision until it had been announced formally.

Mr Tony Parry, head of BAe's Brussels office, said yes-

terday: "Clearly we are disappointed that the Commission has decided to apply interest charges in circumstances where we felt that the basis for the decision was flawed in the first place."

EC officials confirmed yesterday that a proposal for repayment of the sweeteners was on the agenda of next week's meeting, but Mr Van Miert's proposal does not include a figure for interest charges. The charges will be calculated according to UK rules governing recovery of state aid.

Some commissioners had pushed for interest to be calculated back to the date of the 1988 sale. Some estimates have put the total repayment at more than \$60m.

The Commission first agreed to BAe's £150m purchase of Rover in 1988, after approving a UK government cash injection into the motor group. But the UK National Audit Office discovered that the government had also sweetened the sale with £44.4m to the aerospace group. Brussels decided in 1990 that the sweeteners amounted to illegal state aid.

That ruling was overturned in the European Court of Justice a year ago on a technicality and Sir Leon Brittan, then competition commissioner, promised to open a new inquiry. The Commission was almost certain to rule against BAe, because the Court of Justice did not challenge the substance of the 1990 decision.

Sir Leon's original demand in 1990 that the sweeteners should be repaid was seen as a counterbalance to his decision not to question the £150m sale price of Rover.

He chose not to pursue BAe for repayment of the balance between the price paid and any higher bid for Rover, in spite of the fact that the National Audit Office said £150m was "substantially" too low.

Sir Leon, a former Conservative cabinet minister, was accused at the time of being too soft on the British government, and last year he proposed to omit interest charges from the repayment. The replacement of Sir Leon by Mr Van Miert, a Belgian Socialist, has removed any domestic political complications.

## Decision on immunity for Craxi postponed

By Robert Graham in Rome

THE Italian parliament yesterday decided to postpone until Tuesday a final hearing on whether to waive immunity from prosecution for Mr Bettino Craxi, the former Socialist leader, who faces corruption charges.

The hearing began on Tuesday and was due to last two days. But proceedings have been delayed following new allegations by Mr Ciriaco De Mita, the ex-justice minister and former close colleague of Mr Craxi.

Milan magistrates have asked parliament to waive immunity for Mr Craxi citing his alleged illicit receipt of £65m (£16m) in funds for the party. Mr Craxi is the most prominent political figure to have been caught up in Italy's ever-spreading corruption scandals.

The new allegations by Mr De Mita, which state that Mr Craxi was personally involved in the receipt of funds paid into a secret Swiss bank account. The funds were allegedly paid by the late Mr Roberto Calvi, the head of the Banco Ambrosiano, which collapsed in 1982, and related to the Socialist party's assistance in organising loans from ENI, the state oil company, to help the ailing bank.

It was not clear yesterday whether the delay in parliament's decision was solely related to these fresh allegations. The government is also drawing up legislation for a political solution to the judicial problems raised by prosecuting scores of politicians, businessmen and officials on corruption charges, largely related to illicit financing of the political parties. The cabinet could agree on such proposals at a meeting today.

Meanwhile, the work of the parliamentary commission drawing up proposals for constitutional change is likely to be delayed pending the choice of a successor to Mr Ciriaco De Mita, who resigned this week as commission president. Mr De Mita, a former Christian Democrat premier, resigned after his brother was arrested on fraud charges.

# Bosnia's warring parties face hardest hurdle on road to peace

Talks have made no breakthrough so far, writes Robert Mauthner

THE signature by Mr Alija Izetbegovic, Bosnia's Muslim President, of the military chapter of the international mediators' proposed peace settlement for Bosnia-Herzegovina is the first evidence of progress for a month in the New York negotiations. But it is hardly the breakthrough the world has been waiting so anxiously.

Though all the warring parties - Serbs, Muslims and Croats - have now signed two sections of the three-part agreement: the constitutional framework and the ceasefire arrangements - they stand or fall together and the most difficult hurdle has yet to be overcome. That consists of the plan to divide the country into 10 largely self-governing provinces, with a central government responsible mainly for foreign relations, an important provision given Bosnian Serb ambitions to join a Greater Serbia.

Given the latest attempts by the Serbs to clear the Muslim population out of certain regions of eastern Bosnia - allocated mainly to the Muslims on the map tabled by the mediators, Mr Cyrus Vance and Lord Owen - prospects for an early agreement on the map must be considered slim.

Mr Izetbegovic has refused to hold any face-to-face meetings with Mr Radovan Karadzic, the Bosnian Serb leader, as long as the Serbs continue their military offensive and campaign of forcing the Muslims out of their homes and villages. Mr Izetbegovic has due to leave New York last night, leaving his foreign minister to lead the Bosnian delegation. It remains to be seen whether he can be persuaded to change his mind, following the pressing appeals of the UN Security Council and the mediators.

It is nevertheless significant that he should have signed the military agreement at this particularly tense juncture of the fighting in eastern Bosnia, when an even less co-operative attitude on his part could have been expected. The Muslims were on the verge of signing together with the Serbs and Croats in January, even before



Mr Izetbegovic and foreign minister, Mr Slobodan Milosevic, leave the UN

the negotiations moved from Geneva to New York. But they held back pending the fulfilment of a list of frequently changing conditions, the most constant element of which was a water-tight system of international control of heavy weapons, which would deprive the Serbs of the means to resume hostilities.

The Vance-Owen plan spoke only of UN monitoring of heavy weapons, a promise which was understandably not taken too seriously by Mr Izetbegovic, given the international organisation's poor record in this field. General Slobodan Milosevic, the outgoing UN commander in the former Yugoslavia, is now reported to have given an undertaking that the heavy weapons will be physically controlled by the UN, even though it does not yet have the necessary means to do so.

What really appears to have persuaded Mr Izetbegovic to endorse the agreement is the new direct UN involvement in the peace talks, previously the sole responsibility of the UN and European Community mediators, Mr Vance and Lord

Owen. The parachuting of relief supplies by the US to the people of eastern Bosnia may not have been the outstanding success that it was intended to be and certainly fell short of Muslim expectations of military intervention. But Washington's promise that it would contribute a substantial number of troops to the 40,000 to 60,000-strong international force which will be required to enforce a peace settlement in Bosnia, appears to be a guarantee that the control of heavy weapons will be more effective this time round.

Now that Mr Izetbegovic has joined the other parties in endorsing the military agreement and has been seen to adopt a more constructive attitude towards the peace plan, the mediators are expected to switch pressure to the Serbs.

With the full backing of the US and the Security Council, which has severely condemned the latest Serb offensive in eastern Bosnia, Mr Vance and Lord Owen will attempt to push the Serbs into making the relatively small provincial border adjustments which would make the proposed map more

palatable to the Muslims. To achieve this, they are counting on the support of Russia which, like the US, has appointed its own special representative to the talks.

There may still be a long way to go before a full agreement is reached, but the mediators' tactics of progressively isolating the chief culprits of the Bosnian imbroglio is at last beginning to bear fruit.

● The military agreement provides for the implementation of a ceasefire within 72 hours from the time of the conclusion of the peace settlement.

Its main provisions, apart from a cessation of hostilities, include the withdrawal of all forces and heavy weapons to designated provinces and locations according to a 45-day timetable. UN forces will monitor and, it appears from the latest undertakings given by General Mithani, physically control all heavy weapons. ● The military agreement provides for the demilitarisation and so-called "blue routes", to be patrolled by UN forces, will be established to ensure the freedom of movement of civilians, commercial goods and humanitarian aid to and from the city.

● The constitutional framework for Bosnia-Herzegovina, endorsed by all the parties, provides for a unified, but decentralised state, with most governmental functions carried out by its 10 provinces. The provinces, however, may not enter into agreements with international organisations.

● The constitution will recognise three "constituent peoples" (Muslims, Serbs, Croats), as well as a group of "others".

The provinces and central government shall have democratically elected legislatures and chief executives and an independent judiciary. The presidency shall be composed of three elected representatives, each of the three constituent peoples.

Bosnia-Herzegovina is to be progressively demilitarised under UN/EC supervision and the constitution will provide for "the highest level" of international recognised human rights.

# Matra will take minivan venture ruling to court

By Andrew Hill

MATRA HACHETTE, the French transport and telecoms group, is mounting a court challenge to the European Commission's decision approving the Volkswagen and Ford minivan joint venture.

Matra, which developed the Espace minivan with Renault in the 1980s, also promised yesterday to continue fighting the Commission's "unfair" grant of Ecu750m (\$885m) in regional and social aid to the car manufacturers' new minivan plant in Portugal.

Mr Yves Sabouret, Matra director in charge of EC affairs, said yesterday: "Matra will go on using all the means at its disposal to question decisions which obviously contradict all principles of industrial

efficiency and social justice [in the Community]."

Mr Sabouret said EC support for the VW/Ford plant at Setúbal would create dangerous overcapacity in European production of minivans - the only healthy, balanced market in the EC car industry.

Matra said the Renault Espace was still the market leader in Europe, accounting for 65,000 of the 100,000 minivans sold in 1992. But Mr Frédéric d'Aleste, Matra managing director responsible for cars, said analysts estimated that with the help of EC funding VW/Ford could grab 40 or 50 per cent of the market within a year of opening in 1993.

The case against last December's competition decision will be heard by the European Court's lower chamber, the

Court of First Instance. Matra is already challenging the July grant of Ecu750m of EC development and training subsidies in the main Court, and is expecting a preliminary opinion by the end of April.

The Commission exempted the VW/Ford joint venture from competition rules just before Christmas until the end of 2004, subject to certain conditions. Among the reasons given for incentives was that the market was dominated by a single supplier (Matra/Renault) and that co-operation would have "extremely positive effects on infrastructure and employment in one of the Community's poorest regions".

But Matra claimed yesterday that the venture fulfilled none of the criteria for exemption from the rules. Court of First Instance. Matra is already challenging the July grant of Ecu750m of EC development and training subsidies in the main Court, and is expecting a preliminary opinion by the end of April.

# French claim of presidential phone taps

By Alice Rawsthorn in Paris

FRANCE'S beleaguered Socialist government yesterday ran into another scandal when Liberation, the daily newspaper, claimed that President François Mitterrand's security staff had in the mid-1980s illegally bugged a journalist's telephone.

Liberation claims to have discovered security service transcripts of 16 phone conversations from the home of Mr

Edwy Plenel, an investigative journalist on Le Monde newspaper, between December 30 1985 and February 26 1986. Mr Plenel was at the time researching an article on the falsification of evidence on the security services to convict three suspected Irish terrorists. All three were later released.

The newspaper did not disclose its source for the documents, which bore the signature of Mr Pierre-Yves Gilleron, a member of France's

intelligence service and a member of the cell in charge of the president's security. Mr Plenel wrote in Le Monde that Mr Gilleron admitted to him having been ordered 10 years ago to investigate whether Le Monde and Liberation journalists working on the Irish case had been involved in any political activities. President Mitterrand's staff refused to comment on the Liberation article.

Mr Pierre Berégovoy, prime minister, said he had no knowledge of the affair but expressed confidence that a law passed in 1981 had cleared up phone-tapping abuses.

Mr Plenel said on French radio that he would take legal action. Under French law, the security services are only allowed to tap the telephones of suspected terrorists.

Two prominent industrialists working for the government at the time both denied any knowledge of a bug on Mr Plenel's phone.

Mr Louis Schweitzer, now chairman of Renault and then head of the private office of Mr Laurent Fabius, prime minister, said his policy was always to refuse requests to tap journalists' phones. The security services should have cleared all bugging requests with Mr Schweitzer.

Mr Gilles Ménage, now chairman of the EDF electricity group and then deputy director of Mr Mitterrand's private office, denied any knowledge of the alleged bugging.

# Slovakia waits for the fruits of independence

By Anthony Robinson and Patrick Blum in Bratislava

TWO months into independence, Slovakia is looking for foreign capital to revitalise one of the most distorted economies in the region. It is not an easy task.

The break-up of the former Czechoslovak federal republic has already led to an unexpectedly sharp drop in trade between the hitherto economically intertwined republics. At the same time, European Community restrictions on steel exports have cut already dangerously low foreign currency earnings at a time when ties with the east have dwindled.

A nationalist government with little experience of foreign relations and a bureaucracy trained in Soviet methods is hampered to come up with reliable statistics, let alone clear-cut policies designed to attract foreign investment.

Inexperienced ministers are overworked and bogged down in detail as they grapple with complex regulatory, environmental and financial issues.

It all seemed much simpler nine months ago when Mr Vladimir Meciar, leader of the Movement for a Democratic Slovakia (HZDS), barnstormed this small country with a promise to restore Slovak pride and dignity after 1,000 years of foreign domination and 70 years as the junior partner in a federation with the more sophisticated and populous Czechs.

What most Slovaks saw as a bid for greater autonomy within a looser confederal relationship with the Czechs was interpreted by Mr Vaclav Klaus, the Czech prime minister, as a bid for independence.

Working on the principle that a quick divorce was better than a disputatious marriage, Mr Klaus insisted on rapid separation proceedings.

But independence, formally achieved on January 1, found Slovakia facing high unemployment and the loss of an estimated \$700m annual subsidy from the Czech lands. Under the circumstances it also found itself facing pressure for a devaluation which would further cut living standards of an electorate told earlier that independence would bring prosperity.

The latest public opinion poll shows a sharp decline in the popularity of Mr Vladimir Meciar, the prime minister, who also faces internal dissent within the HZDS. Mr Meciar faces a challenge from Mr Milan Kuzko, the popular former actor who is now the foreign minister, and pressure from opposition parties, especially the former communist Party of the Democratic Left (PDS), led by Mr Peter Weiss, which are demanding seats in a future coalition government.

Mr Meciar, a former boxer who became a lawyer and critic of the former communist regime, remains the most powerful political personality. But an air of desperation is beginning to creep into his speeches. At a recent conference to attract international investors, he described Slovakia as "a country at the centre of Europe but virtually unknown".

Slovakia needs support from the International Monetary Fund to reassure investors and unlock institutional capital inflows. But initial talks broke down in mid-February after the Slovaks refused to accept the IMF's suggestion to float the Slovak crown.

Officially the Slovak crown remains on a par with the Czech crown. In practice the Czechs demand a 20 per cent discount when changing the Slovak currency, while the Slovaks, not to be outdone, insist on imposing a 10 per cent discount on the Czech crown.

Foreigners meanwhile are billed in US dollars. Slovakia disputes the veracity of IMF statistics which, they claim, were prepared from information provided by Prague. Mr Julius Totth, the finance minister, says it would be absurd to devalue before even knowing the true trade and payments picture.

But a clearer picture of the government's concern was

SLOVAK Prime Minister Vladimir Meciar has reiterated opposition to radical economic reforms of the type embraced by the Czech Republic, and blamed its reform programme for a decline in the Slovak economy, Reuters reports from Bratislava.

Local media quoted Mr Meciar as having told a rally that "Klaus reforms", a reference to Czech Premier Vaclav Klaus, were unsuitable for Slovakia.

According to reports, Mr Meciar said that Mr Klaus's economic policies had led to a 30 per cent decline in the Slovak economy. He said his government would not devalue the Slovak crown, but he called for restrictions on "non-essential" imports.

Mr Klaus introduced sweeping reforms when he became finance minister of what was then the Czechoslovakian federation.

revealed when importers asked when they would be allowed the foreign exchange required to pay for their imports. It transpired that, with little fanfare, the authorities have quietly blocked hard currency payments for undefined non-essential imports and are preparing "temporary" import barriers to reduce strain on reserves.

"We are not looking for aid, but we must be able to increase our trade, if the west closes its markets and increases Slovakia's economic and social problems then the likelihood is that the present government, which is open to trade and investment, could be replaced by a much more left-wing government," said Mr Lubomir Dolgos, the privatisation minister.

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# Rocard faces defeat at hands of a local hero

PIERRE Cardo makes a positive statement out of the fact that he has no exciting views on national issues - but he has become a kind of national issue himself.

For the latest polls predict that this 43-year-old Peugeot personnel manager, carrying the joint opposition colours of the Union pour la France (UPF), will deny Mr Michel Rocard, the Socialist's former prime minister and future presidential standard-bearer, reelection to his suburban Paris seat in three weeks.

Defeat would not stop him running for the Elysee in 1995, says an undaunted Mr Rocard. But it would certainly bring him down to earth after his call last month for a "big bang" to create a new centre-left movement.

Scanting welcome trouble for a future opponent, Mr Valéry Giscard d'Estaing, the ex-president who wants to regain the Elysee, was in Andros this week to back Mr Cardo.

Among the 12 other candidates contesting Mr Rocard's seat are two environmental candidates, the strongest of whom is Mrs Monique Le Saux, who was once a parliamentary assistant to the former premier. If in the first round on March 21 she wins 12.5 per cent of the vote - the minimum necessary to go on to contest second round on the March 28 - and if she does not explicitly pass her support to Mr Rocard, the latter is probably sunk.

Such a three-way fight would give the Socialists under only 35 per cent against 47 per cent for Mr Cardo, an opinion poll forecast this week.

At a time of popular disillusion with national politicians, Mr Cardo is banking on his image as an *homme du terrain* - virtually the only view he expresses on a broader issue is to repeat the opposition of Mr Jacques Calvet, the head of

Peugeot, to Japanese car imports. As mayor of Chanteloup-Vignes, once an economic blackspot, he portrays himself as rooted in the constituency's rundown problems of jobs, crime and pollution.

Re-establishing his local credentials is much harder for Mr Rocard, as he found even when addressing Socialist loyalists a couple of miles away from Mr Giscard d'Estaing's simultaneous rally in Androsy on Wednesday night.

He wants a government promise to scrap the plan for a highway which would have split the constituency. Mr Cardo, for his part, believes this is Socialist temporising to save Mr Rocard's electoral skin. "After the election, the [highway] battle will continue," the opposition candidate says. The quick-witted Socialist fields questions on some local issues well, displaying

considerable knowledge about Seine-Normandie barge operators whose problems have had the attention of Mr Jean-Marie Le Pen, the National Front leader. But on other questions he is passed notes by aides.

The peculiar French system has pluses and minuses for Mr Rocard in this race. It has allowed him to keep, even as prime minister in 1988-91, a valuable local root in the post of mayor of Conflans-Sainte-Honorine. But even though he has won successive elections to this parliamentary seat of Yvelines since 1978, he has rarely worked as a deputy for it. French ministers have to head their National Assembly seats to their elected "suppléants" or substitutes, who inevitably then become better known on the ground.

The constituency - part industry, part dormitory for commuters to Paris's service sector, part agriculture - is not natural Socialist territory. In a sense, that is a blessing for Mr Rocard. Average unemployment is just above 6 per cent, compared with the 10.5 per cent national level.

But Mr Rocard knows jobs are the national preoccupation, and at his Androsy rally he pounds away at the "new thinking" around which he wants to group the centre-left.

One element of this is work-sharing, which Mr Rocard detects as a key emerging theme of the campaign.

Mr Cardo, on the other hand, counts on voters preferring his practical record of reducing unemployment in Chanteloup from 25 to 15 per cent over the past eight years.

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# Generals stay in line for Yeltsin

GENERAL Pavel Grachev, the Russian defence minister, insisted this week that the military would not become involved in politics. But the definition of "involved" is, in today's Russia, a flexible one.

The Russian armed forces are undergoing such colossal change that some political unrest within their ranks is inevitable. The question is the scale and the danger of that unrest.

First, it is well attested - by reporters and editors on the daily Izvestia - that at the end of a meeting of the Russian security council on Wednesday, President Boris Yeltsin was told by a group of senior commanders that he should take resolute measures to end the political crisis.

The implication - though not spelled out, either then or subsequently - is that the army would be on the president's side if presidential rule were established.

Mr Yuri Skokov, secretary of the security council, sidestepped questions about Izvestia's report from MPs yesterday, saying the council had discussed military and foreign policies, and that any other reports should be taken up

## John Lloyd reports on Moscow's plan for peace at home

with Izvestia. Gen Grachev, appointed by Mr Yeltsin after the former's part in defending the White House during the August 1991 putsch, is himself under attack from discontented officers.

Many of them demonstrated in Moscow last week, and demanded his resignation, as well as that of Mr Yeltsin. There has been no announcement that officers who took part in the rally - and were filmed doing so, in their uniforms - have been disciplined.

Gen Grachev was also constrained yesterday to deny charges from some MPs that corruption and theft among his troops were on the increase.

However, the evidence is that he is struggling to contain just such elements: a number of generals have been charged with corruption, and he has threatened to sack senior commanders

of the Pacific Fleet for failing to deliver food and other supplies to conscripts - resulting in actual deaths from hunger and widespread malnutrition.

Captain Victor Cherepkov, head of the official investigation into conditions in the Pacific Fleet, told the Russian Information Agency yesterday that "disgraceful outrages" had occurred and that "never was battle-readiness in the Fleet as low as it is now". Capt Cherepkov blamed the "top brass" - the implication being that they had been profiteering from the theft of their sailors' rations.

However, as Gen Grachev is defensive at home, he is expansionist abroad - or at least in the neighbouring former Soviet states, which Russian commanders clearly do not really consider to be abroad.

He recently visited the Abkhazian region of Georgia - where Abkhazian separatists are locked in conflict with Georgian forces, the former allegedly enjoying the support of Russian units - without an invitation from the Georgian government.

Before he did so, he said that Russian troops would stay in the area to safe-

guard access to the Black Sea. Russian troops also remain stationed in the Trans-Dniestr area of Moldova, in the Baltics and throughout Central Asia.

The Black Sea fleet, based in Sevastopol in the Ukrainian region of Crimea, is under uneasy joint Russian-Ukrainian command: while Russia actually drafts troops from Belarus, Kazakhstan and the other Central Asian states to make up for the lack of enthusiasm among its own pool of conscripts.

President Yeltsin yesterday told Mr Mauno Koivisto, the Finnish president, that Russia would extend its security coverage only to those states which wished it.

This is a "clarification" of remarks he made at the weekend in which he appeared to be asking for international agencies to give him a free hand in quelling conflict throughout the former Soviet Union (which he is, in effect, doing anyway).

It is clear, however, that Mr Yeltsin is willing to support his generals' desire to keep presences in as many former Soviet states as possible: in return for this, they are likely to feel he is worthy of their continuing support.

## Russian ministers differ on energy

By John Lloyd

SHARP differences have emerged among Russian ministers on funding for the energy industries and on privatisation, according to reports of yesterday's cabinet meeting by the Interfax news agency.

A draft decree on the oil and gas industries, freeing them from the obligation to sell 50 per cent of their hard currency to the state and from customs tariffs, was struck off the agenda after objections that it was too "soft" on the oil companies and contradicted earlier decisions to offer credits and benefits to companies only in return for specific programmes.

At the same time, the demand from Mr Yuri Shafarank, energy minister, for extra money above the \$1.5bn (£1.05bn) set aside in 1993 for production equipment was turned over to a subcommittee. Mr Shafarank argues that the oil sector needs at least \$4.5bn a year just to maintain its depressed output levels.

A resolution to give all Russian citizens the right to use vouchers to buy shares in companies being privatised prompted objections from several ministers to the privatisation programme. Mr Georgy Khizha, a deputy prime minister, said that "state structures" should run the privatised companies: while Mr Victor Yefimov, the transport minister, said he could not guarantee the safety levels of privatised transport enterprises.

## Ukraine says nuclear fears are unfounded

By Christia Freeland in Kiev

UKRAINIAN officials yesterday rejected Russian claims that Ukraine was unable to guarantee the safety of the nuclear missiles on its territory and accused Russia of using them as part of a wider effort to re-establish its hegemony in the region.

"We are witnessing an effort to return to the old division of the world into two blocs controlled by two super-powers," said Mr Boris Tarasiuk, Ukrainian deputy foreign minister.

In a reference to the expansionist drive which built up the Russian empire in the 17th century, Mr Tarasiuk said that Moscow was pursuing "a new gathering of the lands, a renewal of the federation, or of the Russian Empire".

Mr Tarasiuk said that Russia's newly aggressive stance, most apparent in President Boris Yeltsin's weekend call for Russia to be given a free hand to police the former Soviet Union, presented the

west with an historic choice.

"The question right now is whether the countries of the world will support the new world order and will respect international law or whether they will give in to the temptation to view might as right," Mr Tarasiuk said.

He warned that recent Russian allegations that Ukraine is unable to guarantee the safety of the nuclear weapons located on its territory were just one element in a wider range of issues which "taken together constitute a dangerous tendency in Russian policy toward Ukraine".

Mr Tarasiuk said that recent Russian claims to Sevastopol and the Black Sea Fleet and threats to cut off gas supplies to Ukraine were part of the same wider policy.

Russian claims that Ukraine was preventing Russian technicians from servicing the nuclear weapons in Ukraine and consequently creating a safety hazard were false, Mr Tarasiuk said.

## Think-tank operator seeks a refill of ideas

Mr Kumiharu Shigehara, who took over last April as chief economist at the Organisation for Economic Co-operation and Development, is trying to restore the international think-tank's dented image in economic analysis.

The OECD's credibility has recently taken a battering. It under-estimated the seriousness of the global economic downturn, and gave no public warning of the crisis that hit the European exchange rate mechanism last year.

As the world's economies languish, Mr Shigehara has great opportunities to make his mark. Today and tomorrow, he discusses the poor growth prospects in Japan and Europe with an OECD committee of officials from 10 nations which meets quarterly to review economic trends.

Mr Shigehara, a gangling 54-year-old who heads a team of 80 economists at the OECD's Paris headquarters, goes some way to acknowledge criticism that the OECD has turned into an expensive talking shop, doing little more than turn out rehearsed versions of the nostrums presented to it by member governments.

He says he would like to see the OECD devote less time to describing economic events and production of numerical economic forecasts. Instead, there should be greater analysis of the trade-offs between different policy objectives, and the problems of implementing desired policies such as reforms of labour markets and cuts in government deficits.

Current methods of producing economic forecasts are "very primitive", he says. Mr Shigehara believes the OECD might do better to devise a range of forecasts, based on

## David Marsh reports on the task facing OECD chief economist Kumiharu Shigehara as he tries to restore the body's credibility

analysing different eventualities instead of devising central projections which will almost certainly turn out wrong.

Mr Shigehara's ideas about economic practicalities evolved in the two decades he spent in high-level jobs at the OECD and the Bank of Japan, where he was chief economist.

A lifestyle that has meant switching between Paris and Tokyo every three or four years since 1970 has given him a good grasp of the intricacies of international deal-making in areas such as monetary policy and exchange rate targeting.

It has also provided - besides an almost unerring fluency in English and French and a lack of formality which belies his nationality - a good relationship with many top officials in the policy making world. One former economist at a continental European central bank says of Mr Shigehara: "He's an outstanding person, although he can be a little self-assertive."

According to another person who knows him, Mr Shigehara has at times at the OECD irritated colleagues by wanting to impose fixed points of view. A more approving comment comes from Professor Charles Goodhart, a former Bank of England official now at the London School of Economics, who says Mr Shigehara is "highly approachable and personable, a scrutable Japanese".

On the technicalities of forecasting, the OECD's chief econ-

omist likes the UK Treasury's approach of recruiting part-time, private-sector advisers to help on projections. This, he believes, could act as a check against over optimistic government projections.

He indicates that the method might be appropriate for the OECD, even though he says he is unsure of who could fill the posts.

Mr Shigehara is particularly keen that economists spend more time talking to politicians to learn about putting economic ideas into practice.

"It's easy enough to write the beautiful language of economic commentaries. What's hard is the implementation," he says.

On ideas about how countries should shift structurally - perhaps to move workers away from declining manufacturing sectors into high-growth services - he suggests that the west might learn from Japan's approach in the 1970s and 1980s.

He says that because of Japan's lack of status as a world power, hardly anyone in the country thought the government could protect them from the effects of the "economic shocks" of this era, including the quadrupling in oil prices and the sharply rising yen, through policy measures such as trade restrictions.

"As a result people just learned to accept a series of shifts from one kind of industry to another," he says.



Shigehara: favours changes

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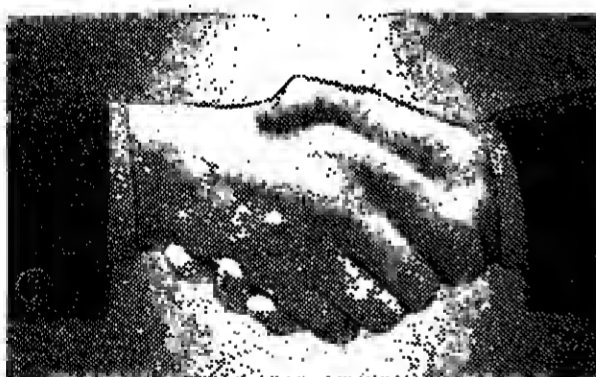
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## NEWS: INTERNATIONAL

# South Africa approaches moment of truth

## Which way Buthelezi moves is at the heart of constitutional talks, writes Patti Waldmeir

CHIEF Mangosuthu Buthelezi, the proud but unpredictable leader of the mainly Zulu Inkatha Freedom Party in South Africa, is about to face his moment of truth.

For months Chief Buthelezi has flummoxed in public over government efforts to agree a post-apartheid constitution bilaterally with the African National Congress, blood-rivals of Inkatha. His two adversaries have now done their deal - which calls for multiracial power sharing to the end of the century - and they must sell it to the hitherto chief of Natal.

That process begins today, when the ruling National Party, the ANC, Inkatha and as many as 20 other organisations (no one can be sure exactly how many will attend until they count heads at the door) meet for two days of talks to plan the resumption of multi-party constitutional talks. Those talks, in the forum known as the Convention for a Democratic South Africa, collapsed 10 months ago. They are due to resume at the end of this month.

But the resumption will depend on this week's so-called "multi-party planning conference", which none of the party leaders will attend. The conference will bring together lower-level delegations spanning the political spectrum.

The white supremacists will be represented in multi-party talks for the first time, by the small and relatively moderate Afrikaner Volksunie (Afrikaner People's Party), while the ultra-right Conservative Party may also attend. Sitting opposite them will be black supremacists from the Pan Africanist Congress, who intend to show up despite government efforts to bar them.

The aim of such an inclusive conference is to ensure that any new constitution is viewed as legitimate by the whole of South Africa's fractious population. But the harsh truth is that there will be a constitutional settlement in South Africa, with or without the acquiescence of these 20-odd groups - and that means with or without Chief Buthelezi. The cost of an imposed settlement, however, would be frighteningly high.

Over the next few days and

weeks, Chief Buthelezi faces the most critical decision of his political career which has spanned over 40 years and has seen him lauded as an opponent of apartheid as well as condemned for collaboration.

He must decide whether to compromise over a constitutional deal which he substantially rejects - he opposes power-sharing and demands maximum devolution of power to regions in a confederal state - or whether to stand on principle to oppose a multi-party agreement.

Chief Buthelezi must know that he cannot prevent a deal: the ruling National Party will go to great lengths to accom-

modate him (and even his rivals in the ANC insist they wish to be conciliatory); but National Party ministers have made plain, in the words of one Inkatha official, that they would "ditch anybody" rather than jeopardise their power-sharing deal with the ANC.

"Chief Buthelezi does not want to be seen as a Savimbi in the talks," says Mr Oscar Dhlomo, political analyst and former lieutenant to the Inkatha leader. He was referring to the role played by Mr Jonas Savimbi, leader of the Angolan Unita movement, widely credited with having wrecked Angola's multi-party elections.

Faced with pressure to negotiate from western ambassadors, from the National Party itself and from white businessmen (traditionally his allies and financial backers), Chief Buthelezi appears to have mod-

erated his intransigence. The conference which begins today may provide a measure of this new flexibility.

Still, the debate is likely to generate a large amount of heat and light before conclusions are reached. For most of the participants in the talks feel - understandably - that they have been convened simply to rubber-stamp an agreement reached bilaterally between the ANC and the government.

That agreement calls for multi-party power-sharing at cabinet level for five years after the first multiracial elections (due to be held sometime between the end of 1993 and April next year).

It also calls for a measure of power-sharing between central and regional governments, through devolution of certain powers; but no agreement has yet been reached on which powers should be devolved. This means, in effect, that the form of the future state - a federation or a unitary nation - has not yet been agreed. And that is Inkatha's largest concern.

Inkatha intends to raise this issue at the current talks, and sparks could fly. Inkatha wants each new South African region to negotiate its own separate constitution - like the original American states. This will be opposed by the government and the ANC, which want the issue decided centrally. For though the ANC has shifted significantly away from a highly centralised state, toward a model where regions have substantial powers, it continues to oppose Inkatha's model, which is at best loosely federal.

Considerable rhetoric will no doubt be expended on this issue over the next few days, before a date and agenda are set for multi-party talks. But however angry the debate, the ANC and Government will do all they can to see that Chief Buthelezi remains in negotiations.

For if Chief Buthelezi is left to seek a separate peace for Natal - perhaps even fulfilling a recent veiled threat to secede from South Africa - greater violence can be the only result. Natal has one quarter of the country's population. It is hard to see that a new constitution can succeed without it.

### Countdown to democracy

The proposed timetable for majority rule

Today and tomorrow

Groups from across the political spectrum meet as the Multi-party Negotiations Planning Conference to plan the resumption of constitutional negotiations

Starts late this month, continues through June

Fully fledged, multi-party negotiations along the lines of the Convention for a Democratic South Africa (Codesa), which collapsed in acrimony last May

Transitional Executive Council (TEC) created to organise level playing field to ensure free and fair elections

Independent Elections Commission established to organise and supervise the vote

Independent Media Commission set up to oversee fairness of news coverage by state-controlled media

Elections: between mid-1993 and April next year

Constituent Assembly (CA)

- Would be elected by proportional representation
  - One half of seats would be from national lists, the other half from regional lists
  - Decisions would be by a two-thirds majority
  - CA would draft and adopt new Constitution
- Interim Government of National Unity:
- Parties with more than a set minimum percentage of CA seats - possibly 5 or 10 per cent - would be represented proportionally in the Cabinet
  - In general, executive authority would be exercised by the President
  - For specified matters, the President would require approval of at least two-thirds of the Cabinet, or possibly a full consensus

Early 1995

Adoption of new constitution

- Constituent Assembly would continue as Parliament
- Interim Government would continue as a Government of National Unity and phase in new Constitution

### By 1999 MAJORITY RULE

Elections would be held within five years of first Constituent Assembly elections. National Unity Government would then be replaced by a majority government under the terms of the new Constitution

### The main protagonists

Who they represent and what they want



PRESIDENT F.W. DE KLERK and the ruling National Party claim to represent all of South Africa's minorities (but especially whites). He heads a formidable party machine which could win a quarter to a third of the national vote, with the support of most of the country's 3.5m white voters. A majority of the 2m coloured and 600,000 Asian voters, plus some of the 16m black voters. Mr de Klerk has already seen his main demand - that South Africa be ruled by power-sharing - granted in bilateral negotiations with the African National Congress. It was agreed that power would be shared between majority and minority parties at cabinet level through the end of the century. He will now push his power-sharing demands one step further by calling for substantial devolution of power from central government to regional and local governments, as a further measure to dilute the power of a 21st-Century black government in Pretoria.



MR NELSON MANDELA, president of the African National Congress, can count on support from a majority of the 16m black voters (more than 70 per cent of the country's total). But privately the organisation is not certain that it can win more than 50 per cent of the total vote, as it will have almost no white support and only minority support among coloureds and Asians. It also has problems with organising in the black communities. Still, the ANC seems certain to be the single largest party in any future government, and could win as much as 60 per cent of the vote if it can improve organisation and raise a large election fund. The ANC's ultimate demand is majority rule, but it has agreed to five years of power-sharing at cabinet level, though it wants to retain effective control over most cabinet decisions despite the presence of minority parties. Meanwhile, its most immediate concern is over devolution of power: the ANC wants a more centralised system than envisaged by the National Party or Inkatha (see below).



CHIEF MANGOSUTHU BUTHELEZI combines a political role (he is Chief Minister of the KwaZulu-Natal homeland and leader of the Inkatha Freedom Party) with the traditional tribal role as a prince of the Zulu royal house. He has cleverly exploited both positions to underpin his support in Natal province, his regional base, where strong support from whites and minority support among Zulus has guaranteed him half of the regional vote (Inkatha would probably win only 5 to 10 per cent of the national vote). As a regional leader who has claimed no national political role, Chief Buthelezi's hope is to be able to insist on maximum devolution of power to the regions. He detests the legacy of South Africa with greater devotion than envisaged by the National Party and far more than that proposed by the ANC. He recently published what amounts to a secessionist constitution for Natal. Nevertheless, his support will ensure that a future national constitution is to succeed.

## Beijing fails to end HK deadlock

By Simon Holberton in Hong Kong

MR LI PENG, China's prime minister, said yesterday he believed the overall interests of Britain and China would be best served by the two sides "sitting down and talking".

However, the deadlock between the two countries over terms for talks on Hong Kong's future was unbroken last night. Barring a last-minute agreement on talks, Governor Chris Patten will today tell the Legislative Council (LegCo) Hong Kong's law-making body, that his administration's patience with China has virtually run out. He is also expected to indicate that his democracy legislation will be gazetted next week if Beijing has not agreed to talks by then.

Mr Li, meeting a delegation from Hong Kong's General Chamber of Commerce in Beijing, said China's conditions for talks were "reasonable" for the 1984 Sino-British Joint Declaration, "convergence" with the Basic Law, and the other "understandings and agreements" reached between the UK and China in the past. He did not call on Governor Patten to withdraw his blueprint for political reform. These conditions have always been acceptable to the UK.

Mr Patten's planned statement to LegCo today is designed to regain support among his increasingly restive supporters. He will insist on the right of Hong Kong to participate in Anglo-Chinese talks on the colony's political future. He will reiterate his and the British government's view that LegCo has the constitutional authority to take the final decision on any Anglo-Chinese agreement.

Talks about talks, which are under way in Beijing, have centred on these two issues, with China indicating that it does not want to recognise Hong Kong officials present at talks, and that the UK should agree to implement whatever is agreed. Mr Patten is adamant that negotiations cannot be conducted if the Chinese will not give way on these two issues. The governor is under growing pressure to push ahead with political reform.

More than a tenth of the 400,000 people who have left Hong Kong in recent years have returned, according to a Hong Kong government report published yesterday.

## Japan split over banks' bad debts

By Charles Leadbeater in Tokyo

JAPAN'S financial authorities are deeply divided over how commercial banks should deal with mounting bad debts.

The Bank of Japan and the finance ministry favour different approaches. This threatens to complicate the banks' task as they set about writing off on-performing loans left after the collapse of the boom economy of the late 1980s.

The outcome of the tussle over how to rid the banking system of bad loans could determine how Japan's financial system emerges from its present crisis. The Bank of Japan appears to want a far-reaching restructuring of the financial system, while the finance ministry favours a more gradual approach in an attempt to keep most financial institutions afloat.

The Bank of Japan is urging the commercial banks to take swift action to write off bad

JAPAN'S governing Liberal Democratic party yesterday yielded to opposition demands that it consider an income tax cut as a condition for support on the 1993 budget.

The LDP and the three main opposition parties have been at loggerheads for almost a week over opposition demands for a ¥4,260bn (¥25bn) tax cut loans. They want other banks to follow the lead of Sumitomo Bank, which recently wrote off ¥100bn (¥584m) of failed property-related loans.

Bank officials are warning the main banks that they may have only limited room for manoeuvre in writing off bad loans.

The banks are making strong operating profits partly because successive reductions in the Bank of Japan's official interest rate has reduced the cost to the banks of borrowing from the central bank.

As these reductions in inter-

est rates have not been fully passed on to customers, the banks have been able to widen their profit margins.

However, the BoJ is warning banks that in the next year or two, as growth recovers, interest rates may start rising, cutting into banks' profits. This would limit their ability to pay for bad loans from profits.

Officials at the Bank of Japan recognise that this policy would require some banks to declare losses for the first time in their history.

Finance ministry officials want to take a more gradual

approach to the write-offs. One official said: "It is not practical or possible to write off bad loans in one or two strokes in the near future. It is all very well for Sumitomo to write off bad loans but it is a very profitable bank. For less profitable banks it is much more difficult."

The model for the finance ministry approach is the recent deal to bail out Nippon Housing Loan, the deeply troubled housing finance arm of several commercial banks. Rather than write off Nippon Housing's bad loans swiftly, its nine banks have agreed to forgo interest on outstanding loans worth ¥800bn for up to 10 years.

Agricultural banks, led by Norinchukin, will continue to receive an interest rate of 4.5 per cent on their loans to Nippon Housing.

Tokyo bankers say the joint body set up by the banks earlier this year to help them dispose of their bad loans is working very slowly.

## Rao sends rival to riot-hit Bombay

By Stefan Wagstyl in New Delhi

INDIA'S prime minister, Mr P V Narasimha Rao, who is battling to rebuild his authority after months of bloody communal unrest, has sent Mr Sharad Pawar, the defence minister, to take control of the local authorities in Bombay, the city which bore the brunt of the violence.

Mr Pawar, who is from Bombay, resigned from the cabinet yesterday to become chief minister of Maharashtra state, which includes Bombay.

The move is being presented as an effort to bolster the state administration with a strong and experienced leader who has held the job of chief minister three times already.

But Mr Rao's decision is widely viewed as an attack on Mr Pawar, who sees himself as a potential future prime minis-

ter. While Mr Pawar said he was "happy to do my job as a disciplined soldier" of the ruling Congress (I) party, his supporters did not hide their dismay.

Mr Rao's action follows weeks of turbulence in Congress party circles in Bombay, which ultimately escalated to the point which forced him to impose his authority or risk a local rebellion. The trouble began with a long-running power struggle in Bombay between Mr Pawar and Mr Sudhakarrao Naik, who was chief minister until he was forced to resign last month.

Mr Naik was in office during the riots which hit Bombay in December and January after the destruction of the Ayodhya mosque. Mr Pawar persuaded Mr Rao to get rid of Mr Naik but, as it has turned out, this week, only at the cost of his own cabinet job.

## Malaysia ready to tackle power crisis

By Kieran Cooke in Kuala Lumpur

A COMPLETE overhaul of Malaysia's electricity system has been proposed by a British consultancy firm called in to examine increasing problems of power supply in the country.

The UK-based National Grid Company made the recommendations in the midst of what the government admits is a power crisis.

Late last year almost all of peninsula Malaysia was without electricity supply for several hours after what the authorities said was a lightning strike a power plant.

In recent weeks Tenaga Nasional, the recently partially privatised electricity utility, has said power cuts have been occurring throughout the country due to maintenance and upgrading work. It says full supplies might not resume for some months.

Power supplies have failed to keep pace with demand as Malaysia's economy has grown by more than 8 per cent in each of the last five years. Dr Mahatir Mohamad, the prime minister, has ordered that restoration of full power supplies be given top priority.

It is feared power shortages might deter foreign investors. Mrs Rafidah Aziz, minister for trade and industry, says complaints from industrialists has reached an "intolerable" level.

Malaysia is at present allowing local and foreign concerns to build, own and operate a number of power stations.

Malaysia favours Russia's new offer for jet fighter sales and has ordered a detailed study. Defence Minister Najib Abdul Razak said. Russia is competing with the US to sell replacements for ageing fighters.

## Australia's opposition leader is doing a good job of looking at home with ordinary people, writes Kevin Brown

# Conservative Hewson upstages Keating among the workers

THE conventional wisdom was clear: once the election campaign was under way, Mr Paul Keating, Australia's Labor prime minister, would walk all over Mr John Hewson, the inexperienced conservative leader.

It has not happened. One of the few surprises in a largely predictable campaign has been the contrast between Mr Hewson's robust electioneering and the tentative efforts of the prime minister.

Mr Keating's lacklustre performance appears to stem from his dislike of the aimless and occasionally unsettling round of publicity stunts intended to guarantee vital footage on the bulletins of the five television networks.

Unlike Mr Bob Hawke, the former prime minister ousted after a leadership battle 15 months ago, Mr Keating looks uncomfortable chatting to pensioners in shopping centres or taking questions from ordinary voters.

But Mr Hewson, leader of the Liberal/National Party coalition, has kept up a ceaseless whirl of activity which focuses as often as possible on exchanges with factory workers, shoppers, commuters, and even surfers taking a break from the waves.

The conservative strategy is to get the media to show the opposition leader as often as possible in the company of ordinary people, especially those who might be thought of as natural Labor voters.

Mr Keating's coruscating parliamentary attacks on the alleged remoteness of the conservative leadership, which he has frequently labelled the "bore to rule brigade",

But the surprise is that Mr Hewson seems genuinely at ease among the voters, even when he knows that few of those he is talking to are likely to be conservative supporters.

Touring a car plant in the industrial Melbourne suburb of Danden-



A Sydney pensioner hands out leaflets at a protest meeting yesterday

ong, he looks incongruous in a crisp white business shirt and striped tie, surrounded by oily machinery and boiler-suited fitters.

The Greek, Italian and Lebanese names on the time clock near the

door suggest that many of the workers are from Melbourne's large immigrant community, which traditionally gives solid support to Labor.

Yet Mr Hewson is noticeably eager to talk to workers as well as managers. Most say afterwards that he seemed interested and asked sensible questions. A few say they might even vote for him.

Later, he gives a bravura performance during a question and answer session at a public meeting in a marginal constituency. Heckled by demonstrators, he simply keeps talking until they give up and leave.

His weakness is a tendency to use precious expressions such as "golly gosh" and "gee whizz" when under pressure. Many Australians find such language risible compared to the earlier tone of everyday conversation.

Nevertheless, the campaign has shown that Mr Hewson is on the same wavelength as much of the

electorate, giving credence to his claims that he is more in touch with ordinary aspirations than the avowedly populist Mr Keating.

Some of his self-confidence comes from his conviction, fed by supportive opinion polls, that he is destined to become the first conservative prime minister for a decade when Australians go to the polls on March 13.

But much stems from his view that Australia's faltering economy can be restored through the same combination of hard work and ruthless attention to detail which propelled him to the conservative leadership.

Born in Beverly Hills, an unhappy named working class suburb in south-western Sydney, Mr Hewson emerged from the state school system to earn a doctorate in economics at Johns Hopkins University in Baltimore.

He worked for the International Monetary Fund before becoming a

consultant to various merchant banks, professor of economics at the University of New South Wales and an adviser to Mr John Howard, treasurer (finance minister) in the conservative government defeated in 1983.

Campaign officials say he is determined to use the opportunity offered by five weeks of constant national attention to throw off his Keating-inspired reputation for aloofness.

Mr Hewson has always had a difficult relationship with journalists, which has limited his ability to project a sympathetic image through the press. He has also appeared tense on television in the past.

But the uneasiness has disappeared during the campaign, replaced by a public demeanour which reflects more of his private ability to charm and persuade, sometimes with unexpected humour.

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# Boeing lowers sights for new aircraft sales

By Paul Belts, Aerospace Correspondent

BOEING, the world's largest manufacturer of commercial jets, has reduced by 5 per cent its long term forecast for new aircraft deliveries in its latest market outlook.

But despite the industry's current turmoil, Boeing expects world air travel and demand for new airliners to recover and show substantial growth by the end of the decade.

In its annual study of the airliner market published today, Boeing forecasts new aircraft deliveries totalling more than 1,200 jets valued at \$81.5bn over the next 18 years. This is 5 per cent less than the \$85.7bn of new deliveries over the same period the Seattle-based company had forecast last year.

The study shows that while aircraft deliveries totalling 789 jets worth \$44.3bn remained at near-record levels last year, the combination of over-capacity, slow traffic growth and pricing losses and financing difficulties led to a 6.6 per cent drop in new orders compared with 1991.

Boeing said airlines ordered 482 aircraft worth \$29.9bn last year compared with \$32bn worth of orders in 1991 and as much as \$71bn worth in 1990.

All three big manufacturers - Boeing, McDonnell Douglas and Airbus - also had cancellations and deferrals from financially strapped customers.

This has led to sharp cutbacks in production and employment. Boeing alone is cutting output by 35 per cent and has announced plans to shed 28,000 jobs over the next 18 months.

After declining in 1991, air travel grew by 6.9 per cent last year. However, Mr Richard Albrecht, a Boeing executive vice president, said much of this growth was the result of uneconomic air fares that produced continuing losses for many airlines.

The recovery of the commercial aircraft business will hinge on a general improvement in the world economy and a return to profitable airline operations.

Although airlines lost more than \$10bn during the last three years, Boeing expects that larger airlines will now

evolve as integration and consolidation continues throughout the industry.

These larger airlines will have better control of their operations and while the future airline market will still be competitive, Boeing believes it will also be more stable.

Air travel is expected to grow at an annual average rate of 5.4 per cent between now and 2010, according to Boeing. This growth will be led by the Asia-Pacific markets which are expected to account for over 40 per cent of growth over the next 18 years.

Of the 12,000 or more new aircraft to be delivered between now and 2010, about 30 per cent will be needed to replace older and noisy jets. Boeing notes that in the present fleet of 10,000 commercial jets, there are more than 2,100 aircraft over 20 years old and an additional 4,200 noisy jets which do not meet new aircraft noise environmental requirements.

So far, however, the rate of replacement of older jets has been slower than anticipated. Only 155 aircraft were retired last year, but Boeing says more than 750 were parked in the Arizona and California deserts at the end of last year.

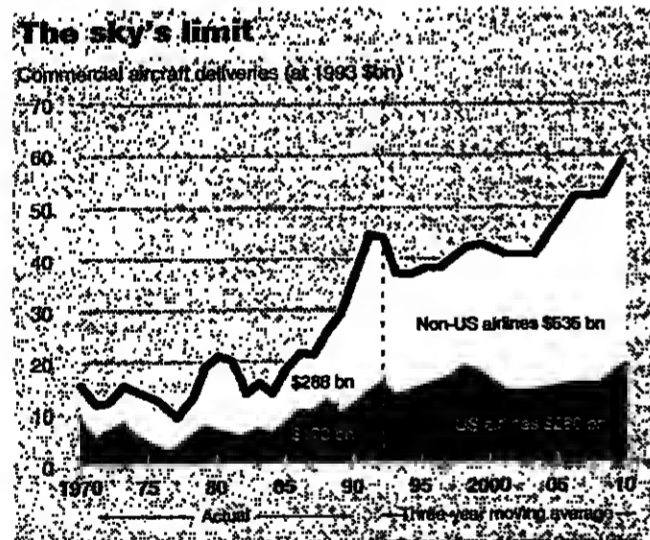
Boeing expects many of these parked aircraft will never return to service, although the number has dropped since the Gulf War when over 1,000 aircraft were in "storage" in the desert.

The average aircraft size is also expected to continue to grow over the next 18 years from an average of 176 seats in 1980 to 193 seats in 1992 and to 227 seats in 2010.

Boeing said its market share had not deteriorated in spite of changing competition. The Seattle group took 57 per cent of orders last year while Airbus won 29 per cent and McDonnell Douglas 11 per cent with other smaller manufacturers accounting for the remaining 3 per cent.

Boeing's forecasts are roughly in line with those recently made by its two competitors.

Airbus is estimating demand for 13,500 aircraft over the next 20 years while McDonnell Douglas has forecast a total requirement for 14,000 new jets during the same period.



# Kantor salvo on chips dispute

By Louise Kehoe in San Francisco

THE NEW US administration is committed to opening markets and "to creating a new framework of shared responsibility with our trading partners," Mr Mickey Kantor, the US Trade Representative, said yesterday in his first public address since taking office.

He chose a gathering of US semiconductor industry executives, signalling the high priority the Clinton administration gives to the long-running US semiconductor trade dispute with Japan.

"We want a global trading system that fits the 1990s, that recognises the world as it is rather than as it once was. We want shared responsibility, no free riders and a new set of standards about what is productive behaviour," Mr Kantor said.

"We expect the markets of other nations to be comparably open to US goods and services. Most importantly, shared responsibility means that our trading partners must carry their own weight."

The semiconductor agreement was a case in point, Mr Kantor said. "We are resolute and determined to get results" from the 1991 trade pact,

which promised foreign chip-makers greater access to the Japanese market. "We fully expect Japan to live up to the letter of the agreement. A bargain struck is a bargain made."

Mr Kantor said he would monitor market share data carefully to determine compliance with the agreement under which Japan recognised US expectations that the foreign share of the Japanese microchip market should rise above 20 per cent by the end of 1992. Latest data, for the third quarter of last year, put the figure at 15.9 per cent.

US trade and industry officials will meet in Hawaii in about two weeks' time to review fourth quarter figures, as they become available. These meetings are expected to be critical in determining the US government response, which could set the tone for the Clinton administration's trade policy.

The US is expected to take a firm line, anxious not to show weakness in its first serious trade dispute. If, as expected, the 20 per cent target is not met, trade sanctions could follow. The Japanese, however, are expected to come up with proposals aimed at avoiding such a confrontation.

# Recovery call by US envoy

By Lionel Barber in Brussels

THE US expects Germany and Japan to take "decisive, politically difficult" steps in the coming months to promote a world recovery, Mr James Dobbins, US ambassador to the European Community, said yesterday.

They should follow the Clinton administration's tax and spending package, he said. A strong world recovery would help relieve trade tensions and combat pessimism in the EC.

Speaking to Christian Democrats in Bonn, Mr Dobbins also sought to calm EC fears about the administration's trade policies and its apparent indifference toward the EC.

He made clear that the US does not at present intend to re-open the accord on Airbus Industrie. It intended to claw back subsidies, but would aim to limit new subsidies in marketing and export finance and other areas "on a multilateral basis".

Exchanges on trade would be "vigorous" and "occasionally sharp", Mr Dobbins predicted. But relations would be "mutually productive" as Europe benefited from US growth and success in opening markets.

# Foreign companies warned on US tax

By David Dodwell, World Trade Editor

EUROPEAN companies would be rash to think the US Congress has relented in its demands for higher taxes on international businesses, Washington tax lawyers told a meeting of the American Chamber of Commerce in London yesterday.

The EC will need to lobby in unison if President Bill Clinton's ambitious deficit reduction package, intended to raise a net \$245bn over the next five years, is not to include swinging new transfer pricing rules, the meeting was told.

Multinational companies operating in the US - the largest group of which are headquartered in Britain - breathed a deep sigh of relief two weeks ago when Mr Clinton said in his State of the

Union address that new transfer pricing rules would raise just \$3.8bn over five years. His campaign speeches last year had hinted that foreign concerns would have to pay an extra \$40bn in taxes.

However, Mr Greg Jenner, partner in the US law firm McDermott, Will & Emery, warned that higher taxes could yet be levied. President Clinton might be forced to find a further \$20bn in revenue to fund programmes demanded by Congress as a price for approving the administration's deficit reduction package. "It is important to keep in mind that the president's proposals were the first shot," he said. "Foreign companies are perceived as easy targets in the US, and should not think they are out of the woods."

Demands that foreign companies should pay more taxes are based on

popular views that many manipulate prices charged on components passing from parent companies to their US subsidiaries in order to minimise taxes.

Foreign companies complain that these charges are unfounded, and say the new rules proposed by President Clinton - which call for transfer price analyses to be carried out at the same time as tax returns are filed - will show this. In the US, economists worry that higher taxes, and the uncertainty created by the transfer pricing debate, will discourage new foreign investment.

Mr Michael Burrell, managing director of the lobbying group Westminster Strategy, said Mr Clinton's populist appeal meant that lobbying by European companies "will have to be framed in terms of the interest of the American people, and what foreign

investment means in terms of US jobs".

Given the strength of domestic lobbying pressure for foreign companies to pay higher taxes, he insisted that French, German or British companies would need to make their case as European companies. "Europeans have to be seen as saying the same thing, in the same voice, with co-ordinated action formulated in coalition."

Companies needed to target four bodies: the European Commission; EC national governments; members of the Group of Seven industrial countries; and US state governments - particularly the home bases of key US congressmen like Illinois' Dan Rostenkowski, chairman of the House Ways and Means Committee, and New York's Mr Daniel Moynihan, chairman of the Senate finance committee.

# Siemens in Thai railway bid

By Victor Mallet in Bangkok

SIEMENS of Germany is to make a joint bid with the Christiani & Nielsen group of Thailand (CNT) for construction of an \$800m elevated railway system for Bangkok, CNT and Siemens executives said yesterday.

The two-line, 16-km railway is to be operated by the Tanayong group, a Thailand property company, under a contract with the Bangkok

Metropolitan Authority.

It looks likely to be the first of three competing mass-transit projects for Bangkok to start construction.

The streets of Thailand's capital city are notoriously congested.

Christiani & Nielsen, the international construction group, has its headquarters in Thailand following the recent reverse takeover of the Danish parent company by its dynamic Thai subsidiary.

Siemens has expertise in railway systems and rolling stock. Bidding for the Tanayong project is expected to take place in June or July.

Mr John Millard, CNT's chief executive, also announced that his company had won its largest ever Thai contract, an order for a Babi 2.45bn (\$671m) shopping centre for the Siam Retail group near Bangkok.

This so-called Fashion Island will be built on a greenfield

site and have 300,000 square metres of retail and commercial space, plus a further 155,000 square metres for parking.

CNT is negotiating at the same time to build two shopping complexes in northern China.

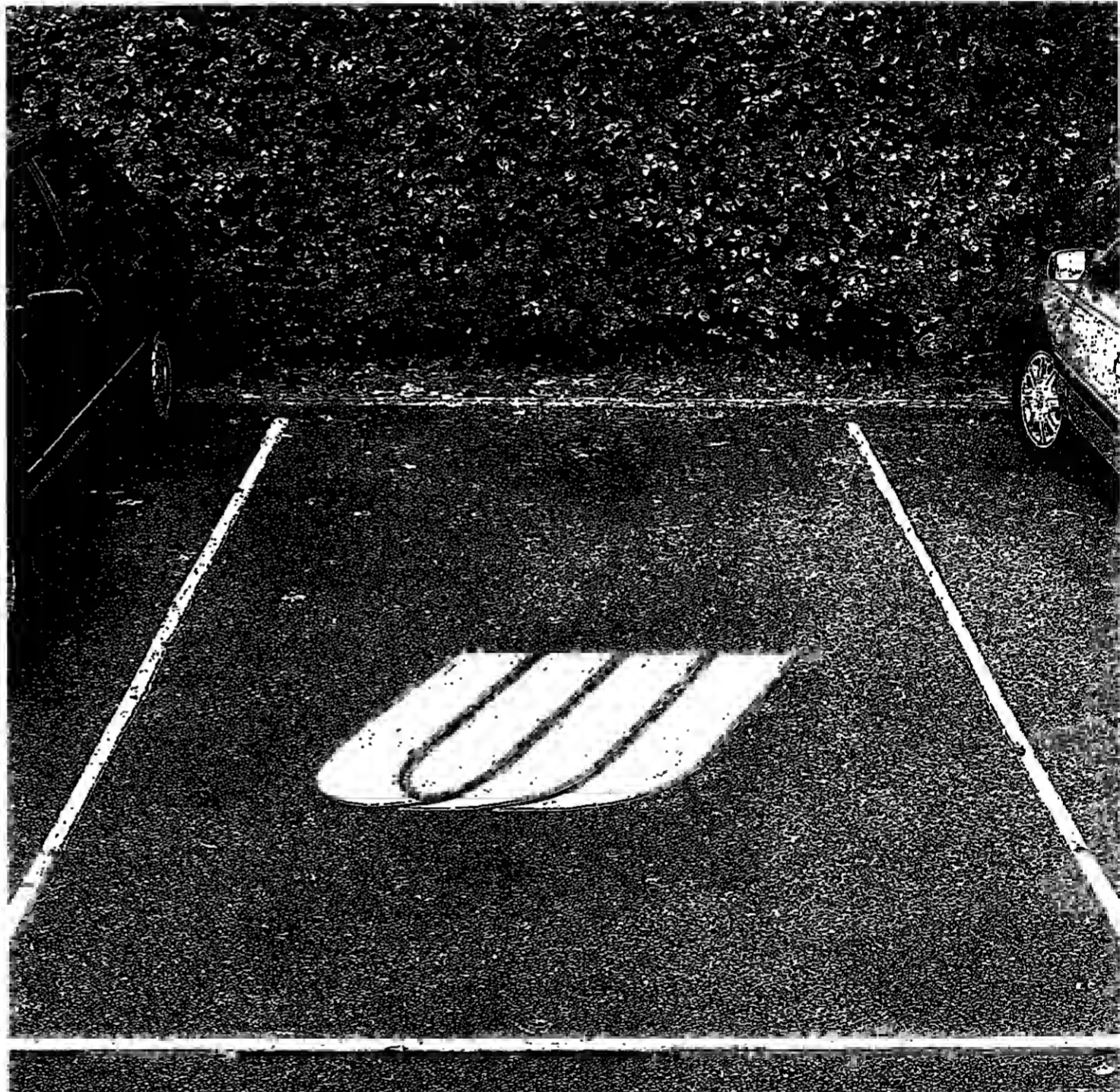
Stockbrokers say it is also hoping to win a contract for a water treatment project in Bangkok, in association with the British company, North West Water.

# Big order for cruise ships

GEC-ALSTHOM is to build up to three cruise ships each capable of carrying 1,800 passengers for Norway's Royal Caribbean Cruises. Reuter reports from Paris. The deal, won by GEC-Alsthom's Chantiers de l'Atlantique, is for two ships initially. Royal Caribbean can cancel the second within six months, and has an option for a third.

The contract has been estimated at up to \$1bn if all three ships are delivered, making it the highest ever such order.

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## Clinton's deficit reduction plan

## Congress may back deeper spending cuts

By George Graham  
in Washington

CONGRESS may agree to proposals for as much as \$50n-\$100n in additional spending cuts next year to broaden support for the deficit-reduction plan presented by President Bill Clinton.

Budget conservatives in the Democratic party will present a list of spending cuts totalling \$30bn (\$50n-\$100n) over five years, of which up to \$80n may win sufficient backing in Congress. Despite nervousness that the overall package might be jeopardised if too many cuts are added, the Clinton administration and the Democratic leadership in Congress have agreed to consider further measures.

"We are being asked to produce a list that is saleable," said Congressman Tim Wirth of Colorado, a leader of the Democratic group seeking further cuts. While deeper spending cuts may eventually win votes from some Republicans, Democrats are assuming that they cannot count on any Republican support as they assess likely backing for controversial cuts.

Mr Clinton's plan, outlined last month, includes \$247bn of spending cuts and \$246bn of tax increases in 1994-97, but these are offset by \$109bn of spending increases and \$60bn of tax breaks.

Overall, the package is projected by the White House to save a cumulative total of \$473bn over five years in comparison with the current path of spending.

But the Congressional Budget Office, in its own analysis of Mr Clinton's plan, calculates that his spending cuts will save about \$21bn less than he projects over five years, and his tax increases will bring in \$27bn less than he expects.

One serious discrepancy

concerns projected savings from the possibility that the Treasury could lower its net interest costs by selling more debt at shorter maturities, which the CBO declines to include in its estimates.

The CBO's estimate of the deficit in 1997 is, however, almost identical to the \$206bn projected by the White House, because it is more optimistic about revenues from taxes unchanged by the Clinton plan. Nevertheless, many Democrats in Congress believe voters will be watching closely to see if the bill they pass matches the \$473bn deficit reduction promised by the Clinton plan. The CBO numbers may, therefore, strengthen the hand of those advocating further cuts.

"I think it helps our cause. At the very least they need to come to our list of cuts to fill the hole," said Mr Wirth.

Congressman John Kasich of Ohio, the senior Republican on the House Budget Committee, also aims to match President Clinton's \$473bn deficit reduction in his own plan, but to do so without raising any taxes. This is expected to involve around \$400bn in spending cuts and some \$75bn in user fees and interest savings.

Republicans do not expect, however, that they will be able to do much to stop the Democratic majority from passing a budget resolution that broadly parallels the Clinton programme.

This resolution, including only the broad outlines of spending, is expected to be taken up by the House Budget Committee next Wednesday, and could come to the floor of the House for a vote the following week.

The hardest congressional battle is likely to come when each individual spending cut and tax measure comes in for scrutiny in a fuller budget reconciliation bill.



BULLDOG BILL: President Clinton strikes a resolute attitude in face of wrangling in Washington over budget cuts

## Fall in US new orders steeper than expected

By Michael Prowse  
in Washington

THE US Commerce Department yesterday reported a bigger than expected decline in new orders for manufactured goods in January. It is the latest in a string of reports pointing to a slowing in the pace of economic expansion from the robust growth of the fourth quarter of last year.

State unemployment insurance claims also rose sharply in the week ending February 20, a sign that labour markets remain sluggish.

New orders fell 1.3 per cent between December and January against expectations of a drop of less than 1 per cent. However, the decline mainly reflected weakness in the volatile aircraft sector and only partly offset the strong 6.1 per cent increase between November and December.

Orders were 8.7 per cent higher than in January last year, suggesting that the outlook for manufacturing is improving, albeit erratically.

Claims for unemployment insurance rose 26,000 to 351,000 in the week ending February 20, a surprisingly large increase given that the week included a public holiday.

The weaker tone of economic reports has helped sustain a vigorous rally in bond markets but raised apprehension about the outlook for jobs, which remain scarce in spite of the rapid fourth quarter expansion.

Analysts predicted that February employment figures, out today, would show a modest rise in payrolls of about 110,000, well below the increase normal in past recoveries and not sufficient to reduce the 7.1 per cent unemployment rate significantly.

## Mexican party talks collapse

By Damien Fraser  
in Mexico City

MEXICO'S centre-right opposition, the National Action Party (PAN), has walked out of talks on party finance reform in protest at revelations that a select group of businessmen has promised to give the governing Institutional Revolutionary Party (PRI) hundreds of millions of dollars.

The negotiations were intended to lead to a comprehensive new law on campaign finance that would cap party spending in elections and force parties to publish sources of their finance.

The declared aim of the reform is to allow the opposition parties to compete more effectively with the PRI, which has run Mexico for 64 years.

But, after it was revealed that some 30 prominent businessmen had pledged at a dinner last week to raise about \$25m each for the PRI, the PAN appears to have had second thoughts about supporting the reforms.

The governing party has argued that the money will go into a special trust to build up its capital and not be used directly in next year's presidential campaign.

There would be nothing illegal about the donations but the opposition has argued they would give undue influence to a powerful group of businessmen. The fact that opposition parties cannot raise such amounts has also raised questions about the government's commitment to create a fairer political system.

The PRI has said that the dinner last week was only one of many the party is holding to boost its finances, and that it will also be raising money from traditional supporters, such as the labour sector. Officials argue that the overtures to the private sector are a positive step in that the PRI would no longer be dependent on government money.

Mexico keeps eye on Clinton. World Stock Markets Page

## Doubts over dividing Argentina's oil giant

John Barham assesses a troubled privatisation

JUST as the dust began settling in Argentina after last year's battle over the privatisation of YPF, the national oil company, some Argentines are having second thoughts about its sale.

Except for a fringe of left-wing and ultra-nationalist extremists, nobody is opposing the principle of YPF's privatisation. The debate is whether it is right to sell as a single unit Argentina's largest company, with an estimated value of \$8bn and which controls half the oil industry.

The government is trying to avoid reopening the debate. It has already had to give up privatising all of YPF after Congress made it retain 30 per cent of the shares. Officials do not want the privatisation, due to begin this year, disrupted further.

But critics say selling YPF as a single company could allow buyers to build an oligopoly. YPF still controls over half Argentina's oil production, refinery and retail sectors, despite a radical scaling down over the past two years which has reduced its workforce to about 10,000 from a peak of 52,000 in August 1990.

Mr Daniel Montamat, a former president of YPF under the previous Radical government and now an energy consultant, says: "You need to create competition and establish the new role of YPF before it is privatised." YPF's president, Mr José Estenssoro - who refused to be interviewed for this article - would rather that the government completely deregulated the market in January 1991.

Concern about market concentration is not just an opposition bugbear. Mr Agustín Castaño, principal at US management consultants Booz, Allen & Hamilton's office in Buenos Aires, warns: "It could be very difficult to support a competitive environment by privatising YPF as a single, integrated company with a very large share of the market. It is not impossible, but it is difficult."

Furthermore, Argentina has

a history of strong cartels, inoperative anti-trust policies and a weak judiciary that does not enforce existing competition laws.

The government plans to float 70 per cent of YPF gradually on local and international equity markets, spreading share ownership broadly, in imitation of international corporations. But last year's mixed reception of privatisation stocks could mean that future issues will meet insufficient demand, leading to YPF's transfer to one of Argentina's big family-owned conglomerates, not renowned for fiercely efficient management.

These groups have grown even stronger during Argentina's privatisation process, buying up significant assets that were previously state-owned, and could win control of YPF. Effective control could be bought for about \$2.5bn (\$1.8bn-\$2.3bn). Many of these groups, such as Compañía Naviera Petrolera, a holding company heavily involved in the energy business, have already bought up YPF assets. Buying into YPF itself would fit neatly with their new operations.

Alternatively, ownership could become so diffuse that YPF's management would become a law unto itself. Argentina has little experience of accountability or shareholder rights.

Moreover, with 20 per cent of equity held by the government and 80 per cent by the unions, YPF could remain under effective public sector control. This might make it less efficient, more vulnerable to political interference and thus less attractive to investors.

However, the government has yet to announce YPF's flotation mechanism, which could include safeguards against these problems. One possible solution would be to split YPF. Mr Montamat says two or three integrated oil companies could be carved out of YPF.

However, Mr Matías Bourdieu, of the government's privatisation team, says: "Opera-

tionally, it is not possible to divide YPF. The scheme we used was to spin off surplus areas and reorganise YPF, [making it] very efficient. This is [feasible] only under one company. YPF cannot be divided into different units."

The government is now re-examining its plans: one official said yesterday that Mr Domingo Cavallo, the economy minister, might revise some aspects of the privatisation in coming weeks.

The official did not expect the revisions to be extensive, but Mr Cavallo was reviewing "the composition of assets that make up YPF" with a view to further reducing its size.

The amount and timing of the initial offering - up until now 20 per cent of the company's equity was offered in the third quarter of this year on local and international markets - may also be revised. A larger offering was a possibility, the official said.

The strategy up to date is regarded as successful. With US consultants McKinsey & Co. YPF identified superfluous activities such as its tanker fleet, drilling crews and pipelines and began selling them off. This process financed its restructuring - designed by consultants Arthur D Little and increased profitability by focusing on production, refining and retailing, thereby raising the value of the company.

Since 1990, YPF has raised about \$2bn from asset sales and has turned the losses made through much of the 1980s into profits: profit after tax in 1991 was \$245m on sales of \$4.03bn, compared with profits of just \$41m in 1990.

Still, there are some who advocate simply selling YPF's assets and winding up the company. This would eliminate the threat to competition, and might even raise more money for the government. However, if there is little chance of YPF being broken up, there is practically no chance of closing it down: winning public opinion and the politicians over to YPF's privatisation in the first place was difficult enough.

## BUSINESSES FOR SALE

BSF Architectural Services Limited  
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The Joint Administrative Receivers offer for sale the business and assets of this specialist window design and manufacturing company.

- Designers and engineers of specialist curtain walling and award winning glazed structures substantially for the commercial building industry.
- Prestigious client base including numerous blue chip national contractors.
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- Future order book in excess of £1.5 million.
- Leasehold premises (approximately 33,000 sq ft) in Willenhall, West Midlands.

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Tel: 021 233 2101. Fax: 021 643 7647.

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- ◆ Good customer base
- ◆ Annual turnover £1.1 million

For further information, please contact the Joint Administrative Receivers, by telephone as a matter of urgency, M A Freeman or P J Bentley quoting ref: L5091.  
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Manchester M3 3DE  
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The Business For Sale section  
also appears on page 33

Herbert Sports Limited  
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The Joint Administrative Receivers offer for sale the business and assets of Herbert Sports Limited consisting of:

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- Leasehold offices and warehouse (5,600 sq ft) in Burgess Hill
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A detailed sales memorandum is available from the Joint Administrative Receivers on request.

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Tel: 0737 766300. Fax: 0737 779542.  
(If telephoning please ask for Ms Lucy Allan.)

Price Waterhouse

REPUBLIC OF GREECE  
GREEK NATIONAL TOURIST ORGANISATIONATHENS 23.2.1993  
Ref. No.: 505167DEVELOPMENT OF THE SKI CENTRE  
ON MOUNT PARNASSUS, GREECE

For the protection and development of Mt Parnassus, the Greek Government announces the commencement of a competitive process for the selection of investors, individually or as a consortium, who will undertake the development of the Parnassus Ski Centre, as well as its operation for a specified period of time.

Prospective investors are invited to submit their expressions of interest, together with qualifications and other supporting documents.

The project includes:

- a. Management, operation and upgrading of the existing Ski Centre.
- b. Design, construction and operation of an expansion to the existing Ski Centre including accommodation and all other complementary facilities.

Experience, capabilities and financial potential will be the main criteria in assessing the prospective investors and assigning the contract. The successful bidder will be also responsible for raising the capital necessary for realization of the project.

A limited number of applicants will be invited to participate in the procedure for the final stage of the bid and evaluation of offers. These candidates will be selected on the basis of their qualifications and will be judged according to the following criteria:

- Specialization in operating Ski resorts.
- Proven expertise in related areas, e.g.: development and management of Tourist Enterprises.
- Creditability and financial potential

Applications and supporting documents should be submitted to the Greek National Tourism Organisation (GNTO), no later than 9 April 1993.

For any further information, please contact:  
K. Perissiadis, Tel (01) 32.23.111, ext. 235 - 32.23.704. Fax: 32.23.488  
N. Pagoris, Tel (01) 32.23.111, ext. 135 - 32.23.801. Fax: 32.23.488  
A. Bratakos, Tel (01) 32.23.111, ext. 157 - 32.37.688. Fax: 32.32.732

## GREEK EXPORTS S.A.

ANNOUNCEMENT OF A REPEAT PUBLIC AUCTION  
FOR THE HIGHEST BID

GREEK EXPORTS S.A., established in Athens (17 Parnassion Street) and legally represented by its Managing Director, the society known as MARITIME IRONWORKS - NAFSI, established in Piraeus, and in accordance with article 46a of Law 1851/1990, supplemented by article 14 of Law 2000/1991 and after decision No. 1208/1992 of the Piraeus Court of Appeal, and with the written statement (concluding ref. no. 162/12.2.93 and 174/18.2.93) of the creditor of paragraph 1 of the above article.

A repeat public auction for the highest bid with sealed, binding offers for the purchase, in lots, of the assets of society known as MARITIME IRONWORKS (NAFSI) S.A. which is under special liquidation and based in Piraeus at Solonion and 34 Methoni Street. ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY UNDER LIQUIDATION NAFSI operates on leased premises owned by the Piraeus Port Authority. It is engaged in the building, repair, conversion, upgrading and breaking of ships and other craft, as well as all types of machine-shop works.

The Company under liquidation owns one building consisting of a ground and first floor and covering the entire plot of 1,195sq. m. at Solonion and 34 Methoni Street in Piraeus. The building houses the company's head office and the greater part of the ground floor is used for the maintenance of ship's properties.

## TERMS OF THE AUCTION

1. In order to take part in the auction interested parties are invited to receive from the Liquidator, the Offering Memorandum which describes in more detail the assets of the Company for sale, its obligations and the necessary procedures for its transfer, as well as the form of the Letter of Guarantee needed for the submission of a binding offer to the Athens Public Auction Office, Mr. A. K. D. Zafirovopoulos, Economic Registrar, at 18 Voulas Street, 5th floor, Tel. 30-1-36.18.249 up to Monday 29th March 1993 at 19.00 hours. Bids must be submitted in person or by a legally appointed representative.
2. The bids will be accepted before the above auction on Tuesday 30th March 1993 at 11.00 hours. The Liquidator is authorised to accept bids from those who have submitted bids within the prescribed time limits on also stand. Bids submitted beyond the prescribed time limits will not be accepted or considered.
3. The sealed, binding offers must clearly state the price offered for the purchase, in total, of the Company's assets and must be accompanied by a Letter of Guarantee from a bank, legally operating in Greece, for the amount of fifty million drachmas (50,000,000 dr.) or its equivalent in U.S. dollars.
4. The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, etc. are to be sold and transferred "as is, where found" and, more specifically, in their actual and legal condition and location on the date on which the sale contract is signed, regardless of whether the company under liquidation is operating or not.
5. The Liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1852/90 article 46a, para. 1 in force), known hereafter as the Majority Creditors, shall bear no liability for any legal or actual defects or for any deficiency in the effects and rights for sale nor for the possible nullity of the sale, as required, as required, the transfer of elements of the assets, nor for their incomplete or faulty description in the Offering Memorandum and in any correspondence. In event of incompletion, errors in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.
6. Prospective buyers, hereinafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and from their own judgment and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1852/90, article 46a, para. 4 in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.
7. Bids should not contain terms which might prejudice their bid, or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incommensurable discretion, to reject offers which contain terms and conditions, irrespective of whether these offer a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims in this respect, or compliance with remunerations regarding the security of the installations, or for safeguarding the insurance cover, etc.
8. In the event that the person to whom the auction is adjudicated, fails in his obligation to appear within twenty (20) days from being invited to do so, and sign the relative sale contract and fails to abide by the other obligations according from the present announcement, then the above-mentioned guarantees of fifty million drachmas (50,000,000 dr.) is forfeited to the Liquidator in compensation for expenses of any kind, time spent, and any actual or hypothetical loss sustained, with no obligation on the Liquidator's part to furnish any specific proof or deem that the amount has been forfeited to him as penalty clause and collect it from the guarantee bank.
9. Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Creditors and the highest bidder's guarantee shall be returned to him after he has paid the sale price and the act of settlement has been drawn up and signed.
10. The highest bidder is deemed the one whose offer has been so judged by the Liquidator and approved by the Majority Creditors as being in their best interests.
11. The Liquidator shall not be liable to participate in the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will he be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.
12. Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.
13. Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgage fees, etc.) are to be borne by the Buyer.
14. Those taking part in the auction will be committed to keep the enterprise operating in its present form.

Interested parties should apply for further information to:

- a) The head office of E.T.B.A. S.A., Directorate of Public Holding, 87 Syngrou Avenue (Old Greek Bank), Athens, Tel. 30-1-92.94.395 and 30-1-92.94.396
- b) GREEK EXPORTS S.A., 17 Parnassion Street (1st floor), Athens, Tel. 30-1-32.43.111 to 115

## BP makes large oil find west of Shetland

By Deborah Hargreaves

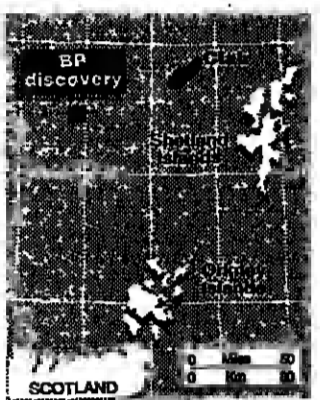
THE largest UK oil discovery for five years was announced yesterday by British Petroleum in a move likely to open up exploration in an important new area, west of the Shetland Isles.

The discovery of 250m to 500m barrels of oil, a quarter of the size of the largest Brent field in the North Sea, comes as the traditional oil sector is reaching maturity.

Industry experts estimated development costs could run to £2bn for the still unnamed field, the first commercial find in the west of Shetland region.

Mr John Browne, chief executive of BP Exploration, said: "The discovery has the potential to open up a significant new play in the West of Shetland province, although there is substantial further work to be done to evaluate the size of this potential."

North Sea oil operators are struggling to make a profit due to rising costs, low oil prices and smaller oil discoveries, Mr Simon Flowers, industry ana-



lyst at NatWest Securities in Edinburgh said: "This is just the sort of shot in the arm the North Sea industry needs right now."

North Sea oil operators are struggling to make a profit against a background of rising costs, low oil prices and smaller oil discoveries.

The development of the new field could cost twice as much as an oil discovery in the rest of the North Sea because of conditions, among the harshest in the world, with bad weather, deep water and lack of infrastructure. At 447 metres, the water is twice as deep as the previous deepest discovery in the North Sea.

BP's new find is significant because the company believes it can be developed relatively quickly.

The Clair field, 120km to the north-west, was the first to be discovered west of Shetland 20 years ago, but was never developed because the oil is very heavy and the geology of the field is complex. BP is currently working with seven other leading oil companies on a project to exploit oil from Clair.

The company is hoping it will find more oil in blocks adjacent to its recent discovery. Last week, the Department of Trade and Industry awarded BP and Shell licences to explore on five other surrounding blocks.

The DTI is keen to encourage companies to explore for oil in this area. Mr Tim Eggar, energy minister said: "There are excellent strategic reasons for capitalising on this early work in the Faroe-Shetland basin. It is a new area with great potential for major oil reserves."

# Maastricht legislation survives opposition threat

By Ivo Dawnya

THE BRITISH government breathed a sigh of relief last night when an opposition amendment that threatened to wreck ratification of the Maastricht treaty was ruled out of order in the House of Commons.

The decision by Mr Michael Morris, the deputy speaker, represents a serious setback for the Conservative Euro-sceptic faction who had seen the amendment as their best

chance of sinking the treaty on closer monetary and political union.

The ruling came as MPs were about to embark on the 14th day's debate on the European Communities (Amendment) Bill's line-by-line committee stage.

The prime minister, meanwhile, has promised that the Bill will not get its third and final reading in the House of Commons until after the second Danish referendum on the treaty, scheduled for mid May.

But that does not halt debate, in the near future, of another Labour party bid to change the legislation that, if passed, could force the government to choose between accepting the social chapter or abandoning the treaty.

Mr Morris has yet to rule on the Labour leadership's amendment, proposed on Wednesday, that could be heard later this month. Nonetheless, yesterday's ruling has taken the pressure off the government after days of looking extremely

vulnerable to a defeat that would have had disastrous ramifications for its policy of pursuing piecemeal European integration.

Additional respite came when a widely anticipated row in the influential 1922 committee of Tory backbenchers over Maastricht policy failed to materialise.

Unconfirmed reports also suggested that five Euro-sceptic members of the committee's 18-strong executive have given undertakings that

they will not vote against the government on procedural motions.

Despite these developments, ministers remain highly sensitive to opinion among right-wing Euro-sceptic rebels.

Leading Tory Euro-sceptic Bill Cash summed up that opinion last night when he condemned the treaty as a "deliberate attempt to drain away the real powers" of parliament.

Elsewhere, however, ministers are going on the offensive

against their backbench critics on Europe.

In a speech to businessmen in Westminster yesterday, Mr William Waldegrave, the public services minister, said opponents of the treaty were out of touch and told Conservative backbenchers to stop squabbling like children.

"Of course Maastricht is a compromise - every deal one does with one's partners always is - but it is the best on offer and much better than its predecessor, the Single

European Act," he said.

His comments, the strongest yet by a cabinet minister, come on the eve of two further attacks on the governments' backbench critics, expected to be similarly robust.

Mr Douglas Hurd, foreign secretary, and Mr Kenneth Clark, home secretary, are both due to use the Conservative Central Council meeting in Harrogate, North Yorkshire, today to launch new assaults on the party's anti-European dissidents.

## Major forced into defence of Thatcher years

By Philip Stephens, Political Editor

MR JOHN MAJOR was yesterday forced into an embarrassing public defence of Lady Thatcher's economic management during the 1980s, as opposition leaders accused him of seeking to blame her for the recession.

His disavowal of reports that he regarded the economic downturn and the contraction of the country's manufacturing base as the fault of his predecessor followed renewed efforts by Treasury ministers to talk up the prospects for recovery.

But Mr Norman Lamont, chancellor, damped hopes of a further cut in interest rates to coincide with the Budget. In their last appearance in the Commons before the March 16 Budget Treasury ministers also refused to rule out the possibility of increasing taxation by extending VAT to zero-rated items such as domestic fuel, food and newspapers.

Looking distinctly uncomfortable, the prime minister told MPs that he had been misrepresented in a newspaper interview in which he appeared to suggest that Lady Thatcher had underestimated the importance of manufacturing industry.

In the face of a sharp attack on his remarks by Mr John Smith, Labour leader, Mr Major added that a full transcript of his remarks showed

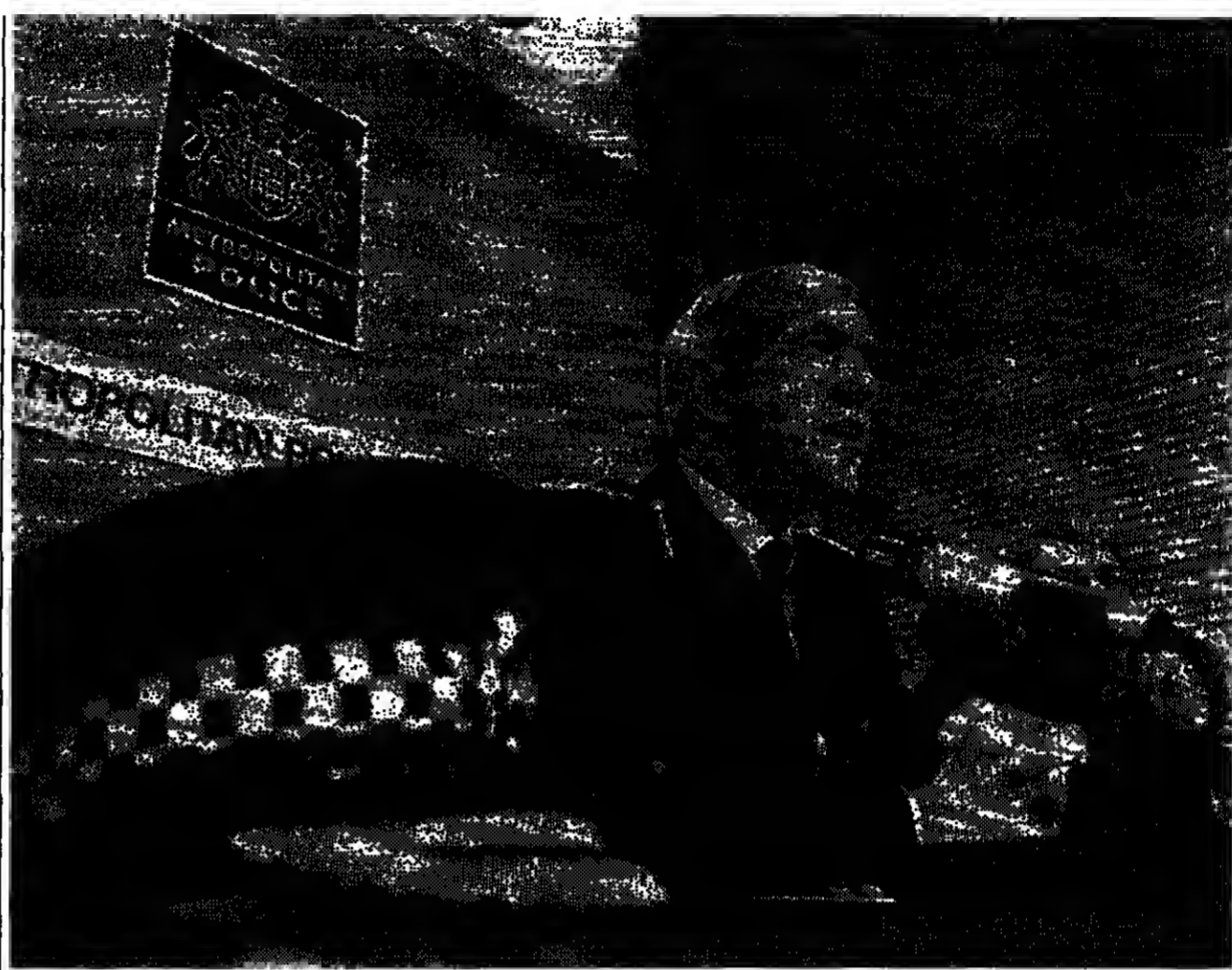
that he had not disowned responsibility for interest rates of 14 per cent he "inherited" when he became prime minister in 1990.

Mr Smith taunted Mr Major at Commons question time over comments made in an interview in the Independent newspaper. "Having run out of excuses for the abject failure of your government's economic policies, you are now trying to pin the blame on your predecessor in whose government you were responsible for economic policy," the Labour leader said.

But, burying temporarily his private hostility against his predecessor, Mr Major insisted: "Lady Thatcher did more to help British industry than the Labour Party has ever done." He added: "As far as interest rates are concerned, I was referring to the legacy of the recession that we are curing and that has now hit every other nation in Europe."

During earlier exchanges on the prospects for the economy, Mr Lamont underlined again his recent caution about the prospects for further reductions in interest rates, emphasising the importance of holding down inflation.

He pointed out also that the Treasury's "postbag" had shown individuals evenly divided between borrowers who wanted still lower rates and savers who wanted a higher return on their deposits.



THE SENIOR ranks of the Metropolitan Police could be cut back as part of a planned shake-up announced yesterday by Mr Paul Condon, London's new police commissioner, Alan Pike writes.

Mr Condon (above), who became commissioner last month and who has a reputation for supporting a more devolved style of management in the police service, is considering eliminating about 700 management posts from the 28,300-strong

force to get more officers on the beat. He intends to reduce the Metropolitan force's existing eight areas to five, each headed by its own chief constable. The local chief constables, plus Mr Condon and two or three other senior officers, would constitute a new management board at the centre of the force.

Mr Condon acknowledged that his plans would leave many senior officers at Chief Superintendent and Superintendent level

in an uncertain position. Many such officers have more than 30 years service, which protects their pensions, and are likely to be encouraged to take early retirement.

Mr Kenneth Clarke, home secretary, and Mr Condon share a belief that police management has become too top-heavy. The proposals being developed for the Metropolitan force should release funds to put an extra 1,000 officers on the beat.

Prime minister seeks to reduce class distinctions and invites nominations, in writing, for knighthoods

## Major attempts reform of traditional honours system

By Ralph Atkins

NOMINATING a neighbour for a knighthood could become a new British pastime - and headache for Whitehall officials - after proposals for reforming the honours system were announced yesterday by Mr John Major.

The prime minister's call for candidates for honours and decorations is set to provoke a flood of applications to Downing Street. Forms are available on request.

But a spokesman confirmed last night that there were no plans for the eight Downing Street and Foreign Office staff who administer the honours to be increased, "except perhaps by another typist".

Mr Major told MPs that, in future, he wanted honours on merit for exceptional achievement or services, "over and above what normally might be expected" and

France has its Legion d'Honneur, Germany its Federal Service Cross and Japan the Supreme Order of the Chrysanthemum. But Britain surpasses them all with the largesse of its honours system.

Beneficiaries of the handful of awards include pop stars, entertainers and sportsmen. But the most criticised awards are those given to government officials, career diplomats and senior military personnel.

Mr Major aims to cut down

the number of automatic awards for public servants and abandon class distinctions in the honours system.

Under the present arrangements, for example, a baker receiving an honour will be awarded the British Empire Medal (BEM) whereas a doctor will receive the more prestigious MBE (Member of the Order of the British Empire).

Demands for change have grown with the sheer number of honours - there are five

grades of peerage, six orders of chivalry and more than 30 medals.

Mr Major has said in the past that he wants to see more selective awards similar to overseas medals, such as the US medals of freedom. Last year fewer than 50 people received US freedom awards, including Johnny Carson and Baroness Thatcher. By comparison, 934 people were given titles or medals in Britain's New Year's honours.

Grades of peerage, six orders of chivalry and more than 30 medals.

Delighted will be the armies of volunteer workers, public servants and private sector workers outside London that the prime minister wants to reward.

Relieved Tory MPs were assured that political knighthoods will continue.

A similar number were honoured last June in the second wave of awards to mark the Queen's official birthday.

This summer, however, reforms could be likely to end to some extent class distinctions in the system, although there will about the same number.

The list - agreed by the prime minister and the Queen - is likely to reflect, at least in part, the prime minister's vision of a "classless society".

The nomination form imposes no restrictions on who can be put forward. Factual details and other letters of support are requested, if possible, but not if it means breaking confidentiality.

About 1,000 honours are awarded in each of the New Year and Queen's Birthday lists. But Britain's predilection for free gift offers and audience

participation means the number of nominations is likely to be far higher.

Downing Street appears to have few plans for changing the current system of scrutinising names via selection committees. Final recommendations to the Queen are taken ultimately by the prime minister. There could be more use of local MPs to vet applications against the bogus or immodest.

Mr John Smith, opposition Labour leader, urged the prime minister to go further and end honours for time-serving Tory MPs and generous donors to the Conservative party.

Mr Paddy Ashdown, centre party Liberal Democrat leader, wanted a single honour with various ranks.

Forms from The Nominations Unit, Honours Secretariat, 10 Downing Street, London SW1A 2AA. Fax no: 071 210 5046. Closing date for the 1994 New Year's honours list is June 1.

## VW seeks bigger share of market

By Kevin Dore, Motor Industry Correspondent

THE Volkswagen group, the largest European carmaker, is developing plans aimed at more than doubling the market share of the VW and Audi makes in the UK new car market by the late 1990s.

Volkswagen acquired VAG United Kingdom, the distributor of Volkswagen and Audi vehicles in Britain from Lorch in December for £124m.

Mr Daniel Goedevert, deputy chairman of the Volkswagen group and chairman of the VW volume car division, outlined aggressive plans for the development of the two makes in the UK, which has been one of the German carmaker's weaker markets in Europe.

He said that the VW brand should be aiming to gain a share of 7.9 per cent by 1996/97 compared with a share last year of only 4.1 per cent. The Audi make should be aiming to gain 4.5 per cent of UK new car sales compared with only 1.2 per cent in 1992.

The German group's aggressive ambitions will cause unease among rival car-

makers, whose profitability in the UK market has already been placed under heavy pressure during the protracted recession.

VW is facing a forecast drastic fall in sales in Germany, its most important market, during the next two years and the UK is one of the few markets that is expected to grow this year, albeit from a very low level.

Competition is already set to intensify in the UK market as the three Japanese carmakers Nissan, Toyota and Honda build up local production in Britain, and VW's ambitions will pose a serious new challenge to the established UK market leaders Ford, Vauxhall (General Motors) and Rover.

"There is no reason why we should not reach in the UK the average level we have in the rest of Europe," said Mr Goedevert.

Together the VW and Audi makes captured around 14.7 per cent of west European new car sales last year, but held a share of only 5.2 per cent in the UK.

## British growth bucks EC trend on new car sales

By John Griffiths

FALLING new car sales in continental Europe meant the UK was the only major EC country where the market was improving, the Society of Motor Manufacturers and Traders (SMMT) said yesterday.

The SMMT's concern at falling demand in Europe is based on some of the sharpest recorded falls seen in key Continental markets: German sales fell 27.6 per cent, on a year-on-year basis in January; French sales by nearly 37 per cent and Spanish sales by nearly 63 per cent.

UK new car registrations, meanwhile, rose by 16 per cent last month indicating that a long-awaited recovery in the new car market is gathering momentum.

Ford, the UK market leader, said there had been a pronounced rise in private buyers entering the market.

"A strong build-up in domestic sales is essential if the UK industry is to compensate for sales which are bound to be lost overseas," the SMMT said.

Releasing its February figures, the SMMT warned that there was still concern over the strength of the recovery, and the extent to which the

statistics might be inflated by manufacturers organising market-boosting tactics, such as registering of cars for which there are no buyers.

Labour's consumer affairs spokesman Mr Nigel Griffiths, said January's figures were "inflated and erroneous", and reflected attempts by manufacturers to boost consumer confidence in their products.

The suspensions were strengthened by statistics released yesterday showing new commercial vehicle registrations down by 7.5 per cent.

Car makers and dealers, fearing higher vehicle and fuel tax, announced in Chancellor Norman Lamont's Budget on March 16, warned that sales were still below 'healthy' levels.

Yesterday's statistics show new car registrations last month at 126,984, up 16.06 from 109,414 last February. However, sales in that month hit their lowest February level since 1976 as buyers delayed in the hope that the 10 per cent special car tax - now abolished - would be reduced in the following month's budget.

For the first two months of this year as a whole, registrations were up 10.96 per cent, to 291,923 from 263,096. The market has now risen for five consecutive months, and in nine of

### UK CAR REGISTRATIONS - JANUARY-FEBRUARY 1993

|                  | February 1993     | Feb '92          | January-February 1993 | Jan-Feb '92 |
|------------------|-------------------|------------------|-----------------------|-------------|
|                  | Volume            | Change%          | Share%                | Share%      |
| Total market     | 126,984           | +16.06           | 100.00                | 100.00      |
| UK produced      | 58,289            | +16.01           | 45.92                 | 45.90       |
| Imports          | 68,695            | +15.58           | 54.08                 | 54.10       |
| Japanese makes   | 16,763            | +34.55           | 13.20                 | 11.30       |
| Ford group       | 29,888            | +34.74           | 23.53                 | 20.27       |
| - Ford           | 26,439            | +35.46           | 23.18                 | 19.86       |
| Jaguar           | 449               | -0.22            | 0.35                  | 0.41        |
| General Motors   | 21,182            | -5.33            | 16.69                 | 20.46       |
| Vauxhall         | 20,518            | -4.93            | 16.16                 | 18.73       |
| - Lotus          | 10                | -72.98           | 0.01                  | 0.03        |
| - Saab           | 604               | -13.21           | 0.52                  | 0.70        |
| Peugeot group    | 15,770            | +27.74           | 12.39                 | 11.29       |
| - Peugeot        | 9,836             | +14.72           | 7.83                  | 7.84        |
| - Citroen        | 5,934             | +57.36           | 4.67                  | 3.45        |
| Rover            | 15,800            | -1.75            | 12.29                 | 14.33       |
| Volkswagen group | 7,026             | +14.13           | 5.54                  | 6.23        |
| Volkswagen       | 4,738             | +24.55           | 3.73                  | 3.48        |
| - Audi           | 1,893             | +48.84           | 1.33                  | 1.03        |
| - SEAT           | 480               | -32.01           | 0.38                  | 0.65        |
| - Skoda 125-175  | 7.0 0.10 0.47 298 | -89.33 0.10 0.37 |                       |             |
| Renault          | 7,059             | +33.31           | 5.56                  | 4.84        |
| Nissan           | 6,832             | +39.06           | 5.38                  | 4.49        |
| Toyota           | 3,956             | +47.72           | 3.12                  | 2.40        |
| BMW              | 3,210             | +15.30           | 2.53                  | 2.54        |
| Volvo            | 2,325             | -22.81           | 1.83                  | 2.75        |
| FIAT group       | 2,880             | +48.83           | 2.27                  | 1.76        |
| - Fiat           | 2,622             | +49.40           | 2.06                  | 1.80        |
| - Lancia         | 71                | +173.00          | 0.06                  | 0.02        |
| - Alfa Romeo     | 187               | +18.35           | 0.15                  | 0.14        |
| Mercedes-Benz    | 1,404             | -9.31            | 1.11                  | 1.41        |
| Honda            | 1,799             | +18.43           | 1.42                  | 1.38        |
| Others           | 16,009            | +48.22           | 5.48                  | 4.34        |
| Others           | 13,325            | +35.93           | 4.58                  | 3.70        |
| Others           | 8,082             | +35.35           | 2.77                  | 2.27        |
| Others           | 7,242             | -4.30            | 2.48                  | 2.88        |
| Others           | 6,266             | -15.32           | 2.15                  | 2.82        |
| Others           | 6,314             | +34.17           | 2.16                  | 1.78        |
| Others           | 5,822             | +36.35           | 1.99                  | 1.62        |
| Others           | 128               | +54.22           | 0.04                  | 0.03        |
| Others           | 9,854             | +3.12            | 0.12                  | 0.13        |
| Others           | 3,975             | -11.56           | 1.36                  | 1.71        |
| Others           | 3,953             | +20.46           | 1.35                  | 1.25        |

\*GM holds 50% of Saab Automobile and has management control. \*\* Includes Range Rover.

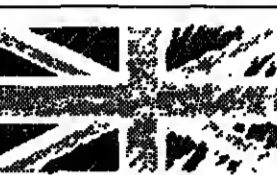
Source: Society of Motor Manufacturers and Traders

the last 11. The percentage of imports, although down marginally in February to 53.78 (from 54), has risen in the year to date to 54.41 (53.40).

The sharpest jumps in registrations last month were achieved by Ford, up 34.75 per cent, Fiat group, up 48 per cent and Peugeot and Renault, up

27.74 per cent and 33 per cent respectively. Rover Group, whose registrations fell 1.75 per cent, was demoted from third place in the sales charts.

## Britain in brief



### £1bn of aid 'cleared' for UK regions

Mr Michael Portillo, chief secretary to the Treasury, appeared to clear the way for Britain's hard pressed regions to receive up to £1bn in aid from the European Community.

He told the House of Commons that the treasury was ready to meet the condition laid down by the EC that the British government should match regional development funds provided from Brussels.

Mr Portillo said he had no reason to believe that there would be any difficulty in ensuring "public expenditure cover" for the regional development funds allocated to Britain by the EC.

A senior EC regional policy official warned last night, however, that "we would like to see the colour of his money". He welcomed the statement but said the Commission would require "a clear and precise answer" to its concern that the government has not been matching EC funds, despite previous commitments to do so.

"With the experience we've had in the past, we can not pre-judge; we need to see where the beef is," the official said.

### Kellogg faces price probe

Shoprite, the Scottish-based discount food retailer, is calling for an Office of Fair Trading investigation into Kellogg, the food manufacturer, which threatened to stop supplying Corn Flakes to the chain unless it raised the selling price. The chain has written to the OFT complaining of "unwarranted interference". Kellogg insisted yesterday that retail pricing on its products was "for individual retailers to determine. However, we also believe it is unreasonable for retailers to use Kellogg's brands as loss-leaders in order to build their overall business". It said its decision to stop supplying retailers who sold Kellogg brands below cost was in accordance with the 1976 Resale Prices Act.

### Ferry jobs lost

Stena Sealink Line, the Swedish-owned UK ferry operator, is to cut 129 jobs on its service between Stranraer in Scotland and Larne in Northern Ireland. It said economies had to be made if the service was to stay.

### PA faces rival

The Press Association, the UK national news agency, appears to be facing the strongest challenge to its effective monopoly for decades.

Two regional newspaper groups, Northcliffe Newspapers and Westminster Press have decided to extend the trial of their own internal service, UK News, until the end of the month.

### Royal list

The House of Windsor Collection, a catalogue of products from up to 200 British Royal Warrant holders - which provide services or products to the Royal family - is to be launched in the US this autumn, with the aim of achieving sales of £71m by 1998.

### Cost of terror

Flatowners in London and other large cities will face only marginally higher insurance premiums to cover the cost of possible terrorist damage, the government announced. Increases will be less than was originally feared because both insurers and the government have agreed to cover more of the potential risk.

## MANAGEMENT

Lucy Kellaway and Patrick Harverson describe precautions companies can take against terrorism or disaster

# When the sky falls



World Trade Centre: bombing cost \$700m in disrupted business in the first week

How would companies cope if a bomb went off in or near their offices? Anxious managers have been asking that question this week in the wake of the blast at Manhattan's World Trade Centre and threats from the IRA that British commercial and industrial targets are on its list.

For many the answer is not reassuring. John Wyatt, an anti-terrorist expert, estimates that less than half of the UK's biggest companies have a carefully thought-out response. He and other security consultants believe businesses need to give more attention to preventive steps and to contingency plans to get business started as quickly as possible after an emergency.

Complacency is perhaps more understandable in the US, which has less experience of urban terrorism than Europe. But several recent events - from the Wall Street power blackout in August 1990, to security threats during the 1991-92 Gulf war and last December's storm that flooded parts of downtown Manhattan - have ensured that security officers and contingency planners are reasonably well prepared for catastrophic disruptions to their businesses.

While most companies are reluctant to discuss security, one spokesman for a big Wall Street firm said yesterday: "We are now using the security programme we introduced at the time of the Gulf war - essentially, it entails a more restrictive policing of entry and exit from our building."

The bomb in New York's financial district was working to local companies, because many of them are either banks or securities firms which stand to lose millions of dollars if their business is seriously disrupted for any length of time. According to city authorities about \$700m (\$498m) could be lost in disrupted business during the first week after the bombing alone.

Bill Kelly, the man responsible for contingency planning at JP Morgan, said the bank has a "mosaic of plans" that is ready in the event of a catastrophe. If, for example, the firm's data centre is disrupted, JP Morgan can either use its data centre in Delaware, or it can turn to emergency personnel and computer sites provided by private companies such as Philadelphia-based Sungard or Comdisco of Chicago. If the bank's securities trading room is put out of action, JP Morgan has arrangements to use a temporary trading facility in Staten Island operated by another private company, Exchange Resources.

At Salomon Brothers, the securities firm that occupies the northernmost building of the World Trade Centre complex, chief administrative officer Tom Brock says last

week's bombing did not catch the firm unprepared: "We had planned extensively for this kind of event." Salomon's offices were not damaged by the explosion, but the police ordered the power to be cut off for a few hours as a precautionary measure. Salomon used its own generators and the firm's business continued throughout the crisis.

If Salomon had been forced to evacuate its building, Brock says the firm has various sites around the country that could be used, including a special location near

Manhattan that stands by as an emergency trading room.

Some firms, however, were not as well prepared. Cantor Fitzgerald, the biggest inter-dealer broker in the US bond market, had to scramble over the weekend to find a home for its hundreds of brokers. Fortunately, Salomon was able to offer a temporary home to some of them.

Even big UK companies have a security and contingency planning approach which can be half-baked: most issue passes to visitors, for example, but few are so careful

about collecting them and thus have little idea of who is in the building.

Similarly, they may have an evacuation plan but may not have considered whether this is always the best approach. One lesson from last year's explosion at St Mary Axe in the City of London - which happened after hours - was that staff would have been safer in a basement rather than on the street, where they would have been hit by flying glass.

Companies with closed-circuit television, meanwhile, sometimes render it useless by not watching it. Others check baggage, but in a predictable way.

Most large UK financial firms have back-up computer tapes stored off the premises and a "hot-site" facility to plug the tapes into. But according to Charles Shaw from Safety Net, a business recovery firm, this is as useful as "a fire escape going half way down a building" if it is not part of an overall business plan.

Companies on both sides of the Atlantic, meanwhile, are turning to specialist security consultants for help. Eugene Mastrangelo, managing director of risk assessment at California-based Pinkerton, has been advising corporate officers they should take three initial steps:

- Conduct a "vulnerability survey" to determine if there are any gaps in the security protection.

- Increase security around premises and upgrade the screening of employees and visitors entering and leaving buildings.

- Re-examine crisis management plans and ask one important question: how would your company have responded if its offices had been bombed?

According to the experts, companies must be clear about what they can and cannot protect. In theory everything can be protected, but inevitably there will be limits to financial and human resources.

A company's response in the first few hours can be crucial. Everyone needs to know who is responsible for business continuity. A good press manager has to reassure the outside world that everything is under control.

Companies need to keep up-to-date records of all important customers and suppliers so that they can be notified at once. They may need separate plans if the building is closed for hours, days or weeks and have plans for moving certain staff to other branch offices or alternative accommodation.

It is not just the UK financial sector that is starting to take action. Shaw says the message is getting through to manufacturing, distribution and retailing businesses, which now make up almost two thirds of his clients.

Christopher Lorenz

# The myth of the bloated head office



SHORT OF increasing its profits and dividend, there is one sure way for a company to please its shareholders and the vast majority of its managers: to cut the size and cost of its head office, or "corporate centre". But as the past month has shown, it is also the best way to sow confusion - and possibly something worse.

That HQ-cutting has become such a totem of good management is the result of a number of long- and short-term pressures. They include:

- The trend towards flatter, simpler, faster-moving and more outward-looking organisations, which delegate much more decision-making to the front line.

- The "shareholder value" movement of the past decade, which drew attention to the fact that a multinational's corporate centre can easily cost upwards of \$200m a year.

- The realisation that many activities, from catering to data processing, insurance, accounting and tax, can be contracted-out to specialist consultancies.

- The fashion for small HQs which was set by predatory UK conglomerates such as GEC, Hanson and BTR.

All these have been reinforced over the past 18 months by a fifth pressure: the very straitened financial circumstances in which many large companies have found themselves.

All well and good, you may say: those remote, unproductive, paper-pushing HQ staff have had it so cushy for so long that they deserve every cent they get. But this machismo has reached such a pitch that it risks putting pressure on companies to ignore what ought to be the foundation of every head office redesign: a cool assessment of the nature of the company's various businesses and the best way in which the corporate centre can add value to them.

This should almost never mean increasing the size of an HQ, but nor does it mean that every company's should be slashed.

Take three announcements of cuts over the past month, including two within the most week first from Unilever, the Anglo-Dutch packaged goods group and then from two hard-pressed chemicals combines, Britain's ICI and America's Dow. Not only did each move cause confusion, but together they underline some of the many questions surrounding the right role of head office in different circumstances.

Four weeks ago Unilever, with annual revenues of £25bn, announced it was trimming its HQ, which is split between London and Rotterdam, by 120 people to 1,075. This was widely criticised for being too mild because of lack of financial pressure.

Last Friday ICI, with revenues about half as large, won wide

## Cutting the size and cost of HQ is the best way to sow confusion - and possibly something worse

acclaim by saying that within two years the HQs of the two companies into which it is demerging itself, Zeneca and new-ICI, would together employ barely half its current head office staff of 450. On Monday Dow, with roughly the same revenues as ICI, declared a cut of only about 250 in its own current complement of no less than 4,000.

So which of the three will have the most productive HQ? Zeneca and ICI, it would seem, with Unilever trailing a fair way behind and Dow bringing up the rear.

Not necessarily. For the three define their corporate centres in such different ways that comparisons are well-nigh impossible without the detailed activity-by-activity analysis for which consultants charge handsomely. Even then, packaged goods and chemicals are so different as to render much of this analysis subjective.

If ICI were not so intent on showing how lean it has already become, it could re-express its current total of 450 as either 650 -

including "central services" working in London - or 870, which adds in pensions experts, patents people and other staff outside the capital. Some of these staff spend part of their time supporting ICI's various "businesses", or divisions. But none of these figures includes divisional managers themselves, who at ICI are rightly counted separately.

Not so at Dow - well, not entirely. As with other US companies, its headquarters in Michigan seems so vast because it includes not just many of the core service staff whom ICI counts separately, but also quite a number of divisional managers. Moreover, the Dow figure contains not only those with corporate roles, but also staff working for the company's North American regional HQ. Many people work for both HQs, so separate numbers are impossible to determine.

On a host of grounds, not least those of staff motivation and clear cost control, ICI-like transparency is clearly preferable. But it has been far from the rule among multinationals, even in Europe.

Hence some of the Unilever changes. In addition to the cut of 120 (all in London), they also involve a clear separation from the corporate centre of 260 staff who work for the group's operating companies, plus 330 who are engaged in either British or Dutch national management.

Then there is the dreaded subject of synergy. One of the reasons why Unilever may need a larger head office than either Dow or ICI, pro-rata for its size, is that its businesses have more in common with each other. This inter-dependence tends to create many more issues in which the corporate centre needs to get involved.

If one also takes into account the different degrees to which the three companies sub-contract various activities, or have begun to join the trend towards dispersing HQ tasks around product divisions, the comparisons become fuzziest still.

The only solution is to subject each corporate centre to a microscope and to judge on real merit. Appearances are almost always deceptive.

## BUSINESSES FOR SALE

### BSF Architectural Services Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of this specialist window design and manufacturing company.

- Designers and engineers of specialist curtain walling and award winning glazed structures substantially for the commercial building industry.
- Prestigious client base including numerous blue chip national contractors.
- Historic turnover of approximately £4 million p.a.
- Workforce of 40 highly skilled and motivated employees.
- Future order book in excess of £1.5 million.
- Leasehold premises (approximately 33,000 sq ft) in Willenhall, West Midlands.

For further information please contact:

D K Duggins or A Pearson,  
Arthur Andersen,  
1 Victoria Square,  
Birmingham B1 1BD  
Tel: 021 233 2101. Fax: 021 643 7647.

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ARTHUR ANDERSEN & CO. SC

Arthur Andersen is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

J N Harrison S M P Riley of Clark Whitehill & Co., Joint Administrative Receivers of BSF Architectural Services Limited.

### OFFER FOR SALE THE BUSINESS & ASSETS OF VOLUME AUTOMOTIVE BATTERY PRODUCTION FACILITY

\* LOCATED - SKELMERSDALE, LANCASHIRE  
FURTHER DETAILS FROM CHARTERED SURVEYORS' OFFICES

CLARK WHITEHILL & CO

Walker Singleton  
Chartered Surveyors  
Property House, 100, 101 & 102  
Tel. 0432 364211 Fax 0432 368830

### BUSINESS FOR SALE Progress Engineering Co (Nelson) Limited

The Joint Administrative Receivers offer for sale the business and assets of the above N.E. Lancs based company, specialising in the design and manufacture of special purpose equipment for a broad base of industries including the Ministry of Defence.

Principal features include:

- ◆ 39,000 square feet of freehold premises near Nelson
- ◆ Modern machinery including C.N.C. facility
- ◆ BS 5750 and MOD approved
- ◆ Excellent reputation for quality and service
- ◆ Good customer base
- ◆ Annual turnover £1.1 million

For further information, please contact the Joint Administrative Receivers, by telephone as a matter of urgency, M A Freeman or P J Bentley quoting ref. L5091.  
Levy Gee & Partners  
Mazov House, 337/341 Chapel Street,  
Salford, Manchester M5 5JY.  
Tel: 061-835 2843. Fax: 061-892 9405.

LEVY GEE  
& PARTNERS  
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SUPPORT SERVICES  
LONDON • MANCHESTER  
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On behalf of the Joint Administrators, R Robinson Esq of  
Buckler Phillips & Traylor & I Clark Esq of Clark & Co.  
re Survival Group Limited - In Administration (Survival Aids)

### LONG ESTABLISHED MAJOR RETAIL & MAIL ORDER BUSINESS SPECIALISING IN OUTDOOR PURSUITS WEAR & EQUIPMENT

- 11 leasehold retail outlets in prime city centre locations
- Leasehold head office and warehousing Cumbria
- Retail mail order business
- Wholesale & contract business major customers including NAAFI
- Long established reputation
- Turnover £5m

### BUSINESS & ASSETS FOR SALE

For further information contact

Richard Hassall  
ESP  
EDWARD  
SYMMONS  
& PARTNERS  
Rational House, 64 Bridge Street  
Manchester M3 3BN  
Tel: 061-432 8454 Fax: 061-432 2571

David Acland  
Buckler  
Phillips  
& Traylor  
Blackfriars House, Parnassus  
Manchester M2 2ER  
Tel: 061-439 0900 Fax: 061-432 2436

The Business For Sale section  
also appears on page 33

### Herbert Sports Limited (In Receivership)

The Joint Administrative Receivers offer for sale the business and assets of Herbert Sports Limited consisting of:

- Chain of leasehold sports shops
- Leasehold offices and warehouse (6,500 sq ft) in Burgess Hill
- Stock
- Fittings, fixtures, equipment and motor vehicles
- Goodwill

This well established sportswear and equipment retailing business operates from leasehold premises in Sussex and Surrey with a turnover of approximately £2.5 million per annum.

A detailed sales memorandum is available from the Joint Administrative Receivers on request.

Enquiries should be addressed to: M D Gercke Esq,  
Joint Administrative Receiver, Price Waterhouse,  
55-57 High Street, Redhill, Surrey RH1 1RX.  
Tel: 0737 766300. Fax: 0737 779542.

(If telephoning please ask for Ms Lucy Allan.)

Price Waterhouse

### REPUBLIC OF GREECE GREEK NATIONAL TOURIST ORGANISATION

ATHENS 23.2.1993  
Ref. No.: 505167

### DEVELOPMENT OF THE SKI CENTRE ON MOUNT PARNASSUS, GREECE

For the protection and development of Mt Parnassus, the Greek Government announces the commencement of a competitive process for the selection of investors, individually or as a consortium, who will undertake the development of the Parnassus Ski Centre, as well as its operation for a specified period of time.

Prospective investors are invited to submit their expressions of interest, together with qualifications and other supporting documents.

The project includes:

- Management, operation and upgrading of the existing Ski Centre.
- Design, construction and operation of an expansion to the existing Ski Centre including accommodation and all other complementary facilities.

Experience, capabilities and financial potential will be the main criteria in assessing the prospective investors and assigning the contract. The successful bidder will be also responsible for raising the capital necessary for realization of the project.

A limited number of applicants will be invited to participate in the procedure for the final stage of the bid and evaluation of offers. These candidates will be selected on the basis of their qualifications and will be judged according to the following criteria:

- Specialization in operating Ski resorts.
- Proven expertise in related areas, e.g., development and management of Tourist Enterprises.
- Creditability and financing potential.

Applications and supporting documents should be submitted to the Greek National Tourism Organisation (GNTO), no later than 9 April 1993.

For any further information, please contact:  
K. Peresiadis, Tel (01) 32.23.111, ext. 235 - 32.23.704, Fax: 32.23.488  
N. Pagonis, Tel (01) 32.23.111, ext. 135 - 32.23.801, Fax: 32.23.488  
A. Bralatos, Tel (01) 32.23.111, ext. 157 - 32.37.688, Fax: 32.32.732

### GREEK EXPORTS S.A.

### ANNOUNCEMENT OF A REPEAT PUBLIC AUCTION FOR THE HIGHEST BID

GREEK EXPORTS S.A., established in Athens (17 Panepistimiou Street) and legally represented by its Executive Director, the auctioneer MARTINE IRONWORKS - NAFSI, established in Piraeus, and in accordance with article 46a of Law 1891/1990, supplemented by article 14 of Law 2801/1991 and after decision No. 1208/1992 of the Finance Court of Appeal, and with the written statement (Inventory ref. no. 162/12.2.92 and 174/12.2.92) of the creditor of paragraph 1 of the above article.

### ANNOUNCEMENT

A repeat public auction for the highest bid with sealed, binding offers for the purchase, to wit, of the assets of the company named MARTINE IRONWORKS (NAFSI) S.A. which is under special liquidation and based in Piraeus at Salaminou and 34 Melitoni Street.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY UNDER LIQUIDATION NAFSI operates on rented premises owned by the Piraeus Port Authority. It is engaged in the building, repair, conversion, upgrading and breaking of ships and other craft, as well as all types of machine-shop works.

The Company under liquidation owns one building consisting of a ground and first floor and covering the entire plot of 1,195sqm, at Salaminou and 34 Melitoni Street in Piraeus. The building houses the company's head office and the greater part of the ground floor is used for the manufacture of ship's propellers.

### TERMS OF THE AUCTION

1. In order to take part in the auction interested parties are invited to receive from the Liquidator, the Offering Memorandum which describes in more detail the assets of the Company for sale, its obligations and the necessary procedures for its transfer, as well as the form of the Letter of Guarantee needed for the submission of a binding offer to the Athens notary public assigned to the auction, Mrs. Andriana Zafropoulou-Economopoulou, at 18 Voulkorentzou Street, 5th floor, Tel. 30-1-36.18.249 up to Monday 29th March 1993 at 19.00 hours. Bids must be submitted in person or by a legally appointed representative.

2. The bids will be unsealed before the above notary on Tuesday 30th March 1993 at 11.00 hours with the Liquidator in attendance. All those who have submitted bids within the prescribed time limits can also attend. Bids submitted beyond the prescribed time limits will not be accepted or considered.

3. The sealed, binding offers must clearly state the price offered for the purchase, in tota, of the Company's assets and must be accompanied by a Letter of Guarantee from a bank, legally operating in Greece, for the amount of fifty million drachmas (50,000,000 drs) or its equivalent in U.S. dollars.

4. The Company's assets and all fixed and circulating claimant parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, etc. are to be sold and location on the date on which the sale contract is signed, regardless of whether the company under liquidation is operating or not.

5. The Liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1892/90 article 46a, para. 1 as in force), known hereafter as the Majority Creditors, shall bear no liability for any legal or actual defects or for any deficiency in the effects and rights for sale, nor for the possible refusal of the State to approve, as required, the transfer of elements of the assets, nor for their incompletion or faulty description in the Offering Memorandum and in any correspondence. In event of incompletion, entries in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.

6. Prospective buyers, hereinafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and from their own judgment and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46a, para. 4 as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.

7. Bids should not contain terms which might prevaricate their bid or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incontestable discretion, to reject offers which contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims in this respect, or compliance with recommendations regarding the security of the installations, or for safeguarding the insurance cover, etc.

8. In the event that the person to whom the auction is adjudicated, fails in his obligation to appear within twenty (20) days from being invited to do so, and sign the relative sale contract and fails to abide by his other obligations according from the present announcement, then the above-mentioned guarantee of fifty million drachmas (50,000,000 drs) is forfeited to the Liquidator in compensation for expenses of any kind, time spent, and any actual or hypothetical loss sustained, with no obligation on the Liquidator's part to furnish any specific proof or claim that the amount has been forfeited to him as penalty clause and collect it from the guarantor bank.

Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Creditors and the highest bidder's guarantee shall be returned to him after he has paid the sale price and the act of settlement has been drawn up and signed.

9. The highest bidder is deemed the one whose offer has been accepted by the Liquidator and approved by the Majority Creditors as being in their best interests.

10. The Liquidator shall not be liable to participate in the auction either with respect to the procedure for the final stage of the bid and evaluation of offers, or to the evaluation of the bids for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.

11. Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.

12. Transfer expenses of the assets for sale (taxes, stamp duty, notarial and notary fees, rights and other expenses for drawing up topographical diagrams as required by Law 651/77, etc.) are to be borne by the Buyer.

13. Those taking part in the auction will be committed to keep the enterprise operating to its present form.

Interested parties should apply for further information to:

a) The head office of E.T.S.A. S.A., Directorate of Public Holding, 87 Syngrou Avenue (2nd floor), Athens, Tel. 30-1-92.94.395 and 30-1-92.94.396

b) GREEK EXPORTS S.A., 17 Panepistimiou Street (1st floor), Athens, Tel. 30-1-32.43.111 in 115

هكذا من الأفضل

## Worth Watching · Della Bradshaw



### A handy way to collect data

Security guards, nurses and even meter readers could benefit from the latest computer from IBM. The TouchMobile is IBM's smallest machine - a data collection and communications terminal that fits in one hand. The TouchMobile is intended for workers on the move who need to record data using either a stylus, finger tip or scanner unit which reads barcodes. Weighing 2lb, the unit uses a radio link to send or gather information from the company computer. At the end of the day the terminals are placed in a "docking station" which transmits data and recharges the batteries (which can last a day without recharging). IBM: UK, 0705 321212.

### Finding fault with computer networks

As companies acquire more computer networks from different vendors the problem of managing them inevitably increases. When problems do occur the fault is often minor. The difficulty is in finding the fault before business - and the company's reputation - is lost. Network General, of Menlo Park, California, has developed a diagnostic tool which uses artificial intelligence to learn the configuration of the network. The Expert Distributed Sniffer system sniffs out any problems and then uses its in-built knowledge to recommend a solution. Network General: US, 415 321 0855; Belgium: 2 725 6030.

### Keeping a check on office air quality

Headaches, dizziness and allergic reactions can all be caused by the dust, gases and microbes in

every office. As the number of ozone-emitting photocopiers and printers increases, so moves to newer offices compound the problem by cutting off natural ventilation such as draughts. To detect poor air quality Winton Environmental Services, of Worcester Park, Surrey, has developed a monitor which continuously checks, during office hours, whether the air is likely to cause illness. The Monitor 393 checks for bacteria, fungi, carbon dioxide and formaldehyde - often emitted from soft furnishings - as well as dust and ozone. The samples are removed every three weeks and tested. A summary of the results and recommendations are then given to the company. Winton Environmental Services: UK, 081 337 0731.

### Business structure takes a new shape

The decentralisation of companies and flatter management structures - buzzwords of the 1980s and 1990s - have coincided with the downsizing of computer systems to produce the latest computer term - groupware. But while most companies will eventually opt to use information technology which will support team working, the inhibiting factor today is cultural rather than technical, according to the Groupware Report '93.

The report, published by Policy Publications, of Brighton, cites numerous companies that have re-engineered their business structures using groupware and have cut costs in the process. The report costs £195. Policy Publications: UK, 0273 585505.

### Putting the colour into plastics

Speciality inks which change colour when exposed to sunlight can now be incorporated into plastics, such as polystyrene, to create novelty products - lunch boxes or toys.

Developed in the US and launched in the UK by Sunshine Promotions of London, the range of 16 inks can also be used on clothing, paper or packaging. The photochromic inks begin life as crystals, which are broken down and mixed with a medium before application. Sunshine Promotions: UK, 071 323 5022.

## Light-based cancer treatments are on the brink of commercial exploitation - after 30 years as an experimental procedure.

Photodynamic therapy (known as PDT) uses a drug which is non-toxic until activated by light. It accumulates in cancer cells and kills them when the tumour is illuminated. The first crude attempt to cure skin cancer by PDT was carried out in Germany in 1963. More systematic experimentation started in the 1970s, using lasers to activate porphyrins - photosensitive compounds derived chemically from the haemoglobin molecule that carries oxygen in the blood. Clinical trials since 1976 have involved several thousand patients with tumours of the skin, bladder, throat, stomach, bowels and elsewhere.

The normal PDT procedure is to inject the drug into the patient a couple of days before the laser treatment. This gives the drug time to accumulate in the cancer cells and clear from the rest of the body.

The tumour is then illuminated for 15 to 30 minutes with a laser emitting light at the wavelength absorbed most efficiently by the drug. Skin cancer can be exposed directly to the laser but for internal tumours the light has to be guided down an optical fibre attached to an endoscope to reach the cancer.

The power of the laser is too low to harm cells directly. Its purpose is to activate the drug, which then produces a highly reactive form of oxygen (free radicals) to kill cells.

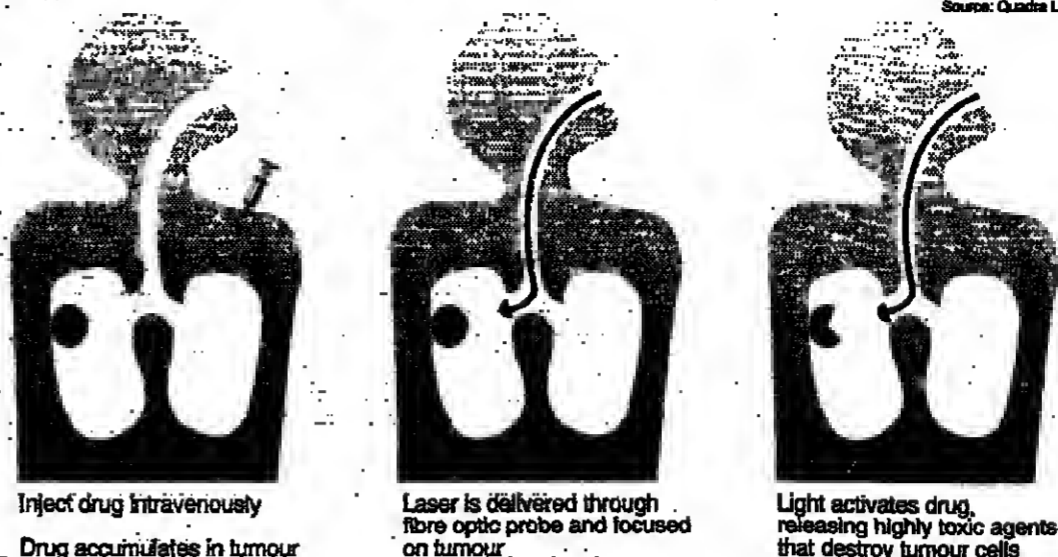
Although PDT has apparently cured some people with early cancers and given relief to those with inoperable late cancers, the results were not sufficiently spectacular to lead to rapid commercialisation. In view of the technique's disadvantages: its high cost compared with conventional chemotherapy or radiotherapy, and the fact that some normal tissues also become light-sensitive so that patients have to stay indoors for several weeks after treatment.

This year, however, the first commercial PDT drug, Photofrin, is expected to receive marketing approval in Canada. It has been developed by Quadra Logic Technologies of Vancouver and will be sold worldwide in collaboration with American Cyanamid, the large US chemical company. Quadra Logic expects Photofrin sales to reach \$95m (£65.5m) to \$375m within three years of its launch.

Photofrin is being chased by a group of more selective second-generation PDT drugs, designed to cause fewer side effects. They will be helped by the simultaneous development of cheaper lasers.

Quadra Logic is already starting clinical trials of its own follow-up compound, Benzoporphyrin deriva-

## PDT: tumour destruction



Clive Cookson looks at a breakthrough in treatment on the brink of commercial exploitation

# Shedding new light on cancer

tive, on skin cancer. Ciba-Geigy, the giant Swiss group, has a promising PDT drug, zinc-phthalocyanine, in the final stages of pre-clinical testing. Other companies active in the field include Nippon Oil of Japan, Deprenyl of Toronto and PDT Systems of California.

But the second-generation drug further advanced in clinical trials is EFT, a porphyrin derivative developed by Scotia Pharmaceuticals in the UK. It has been tested in 25 patients at the Royal London Hospital and the universities of Lausanne and Geneva in Switzerland.

Norman Williams, professor of surgery at the Royal London Hospital, is pioneering the use of PDT in conjunction with the surgical removal of tumours. He is carrying out a clinical trial in which patients with colorectal cancer are allocated at random into two groups. Half have orthodox surgery. The other half are given Photofrin or EFT and, immediately after the tumour has been removed, the cavity is illuminated by laser while the patient is still under general anaesthetic.

The aim is to eradicate the microscopic traces of cancer that are

sometimes left behind when the tumour is removed. These are responsible for the recurrence of cancer at the same site, which occurs within two years of surgery in 10 to 15 per cent of the 27,000 cases of colorectal cancer recorded every year in the UK.

Mutaz Abulafi, surgical research fellow at the Royal London, says that after more than a year of monitoring 58 patients, there have been no recurrences of cancer among those receiving PDT and three recurrences in the control group. But it is too soon to draw a clear statistical conclusion about the effectiveness of PDT.

If controlled clinical trials do prove that PDT is safe and effective, then Williams would favour its routine use after cancer surgery. Even a modest 10 per cent reduction in the recurrence rate of colorectal cancer would prevent 200 deaths a year in the UK, he points out.

The lasers used today cost tens of thousands of pounds - too much for their routine installation in general hospitals. But cheaper solid-state lasers will soon be available. For example PDT Systems and

McDonnell Douglas of the US recently signed an agreement to develop diode lasers for PDT.

Indeed, Williams believes the next generation of PDT drugs will be sensitive enough to be activated by non-laser light. "We're in the process of developing a much cheaper and more robust light source that could be taken into any operating theatre," he says. "It might then be possible to give this treatment in any hospital anywhere with equipment costing only £5,000."

Although cancer is likely to be the main application of PDT, the technique is applicable to other diseases that give rise to abnormal cells in which the photosensitive drug can accumulate.

Quadra Logic has started a clinical trial of BPD for psoriasis, a skin disorder. The company has also carried out animal tests which suggest that the drug might be able to clear the AIDS virus HIV from the blood stream. This would require a machine somewhat like the one used for kidney dialysis, in which blood is removed from the patient and exposed to light in a tube before returning to the body.

## Foxing the car thieves

While the beleaguered car industry does its best to persuade reluctant coosomers to buy new vehicles, a growing number of people has decided there is a much better way to acquire them - by theft.

In the five years to the end of 1991, vehicle theft in the UK rose by an alarming 50 per cent. More than 626,000 vehicles were reported stolen in 1991, a rise of nearly a fifth over 1990. 225,000 were not recovered. Disturbingly, the UK leads the EC in vehicle theft, with owners having a one in 32 chance of their vehicles being stolen. In the US, it is one in 117.

Manufacturers build in electronic and other safety systems and drivers can put heavy locks on to their steering wheels whenever they leave their cars. But a new anti-theft detection system, called Tracker, will shortly be available in the UK, following its introduction in the US (under the name of LoJack System) a few years ago.

Tracker is based on a small transponder, which will be sold to vehicle owners and hidden in cars or trucks by trained installers. When a theft is reported, a telecommunications system linked to the central computer of Tracker Network - the newly formed company operating Tracker in the UK - will send a digitally coded radio signal to the device in the stolen vehicle.

Police officers in cars fitted with a special direction finder will be able to detect the tracking signal and find the stolen vehicle. The transponder can be installed in up to 30 possible locations in a vehicle. Motorists will be able to buy Tracker units for £160 (£220 for heavy trucks), with an annual fee of £61.10.

The company says most police forces in Britain have agreed to use the tracking equipment, with others likely to operate it soon. Several big insurance companies have said they will offer discounts (as in the US) of between 7 and 15 per cent on premiums to vehicle owners subscribing to Tracker.

Andrew Fisher

## BUSINESS FIRST

WHEN TRAVELLING OVER 3,000 MILES  
15 EXTRA INCHES  
CAN MAKE ALL THE DIFFERENCE.



FROM CONTINENTAL - THE SPACE OF FIRST CLASS FOR THE PRICE OF BUSINESS CLASS

When you recline back and stretch out in our new electronic state-of-the-art sleeper seat, you'll appreciate that Continental Airlines have distanced you by 15 extra inches from the person in front. It all adds up to a massive 55° pitch.

On top of all this extra space and comfort you'll enjoy a level of service normally associated with traditional First Class travel.

All for a Business Class fare.

You can fly BusinessFirst on our daily 747 services to New York and Houston. Four times a week to Denver. And onworlds from any of our gateways to over 140 US cities.

You'll enjoy a First Class service from an increased number of flight attendants. A new

five-course meal service accompanied by fine French champagne and wine. Not to mention a choice of six films on your personal in-seat video.

But the privileges accorded to our BusinessFirst travellers begin with a chauffeured limousine from your home to the airport\* or a complimentary night at the Gatwick Hilton. And the benefits go on and on. Because as a BusinessFirst traveller you can become a member of our award winning frequent flyer programme.

\*Onepass - giving even more advantages.

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An altogether superior class system.

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One Airline Can Make A Difference.™

\*Within a 20 mile radius.

## THE PROPERTY MARKET

### Banks have no easy remedy for bad lending, writes Vanessa Houlder Weighed down with debtors

The £780m provisions against UK property and construction losses that Barclays announced yesterday is a reminder, if one were needed, of the scale of the banks' property lending problems.

As the largest lender to UK property, Barclays has suffered the severest damage from bad property loans. But with a total of £38bn of outstanding loans to the UK property sector, few banks have escaped heavy write-downs.

The question of how the banking industry deals with property companies that cannot repay their debts is of paramount importance to the property industry.

In the past year, there have been many high profile receiverships or administrations, such as Rosehaugh, Mountleigh and Canary Wharf. But the failures are eclipsed by the much larger number of companies that banks are attempting to keep afloat.

Banks have been increasingly reluctant to put companies into receivership, the exceptions usually being cases where the banks have lost patience with the management. The reluctance partly stems from a fear that property in receivership plummets in value. However, a company that needs cash to stay afloat may sell more cheaply than a receiver.

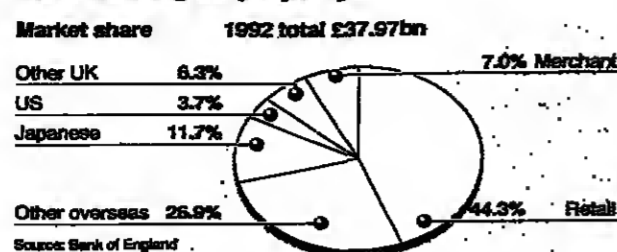
Faith in the powers of receivers has been dwindling. "Receivership is only helpful to the accountants. It does not maximise values," says Mr Richard Millward of Kleinwort Benson's asset recovery unit, which is marketing its services to other banks with too few staff to cope with problem loans.

Receivers are also accused of being slow and expensive and of knowing little about property.

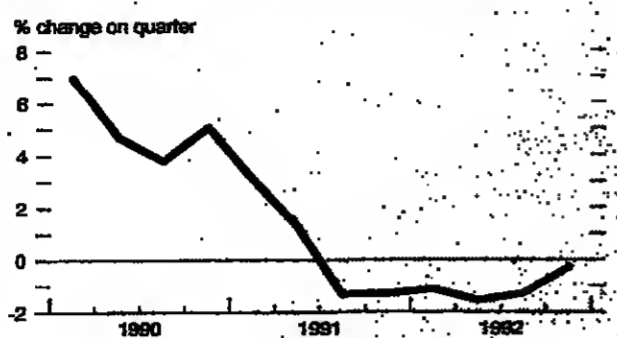
Mr Nigel Hamilton of Ernst & Young defends his profession. "If there is no market for property then no insolvency procedure will do anything for it," he says.

Receivers can improve prospects, he says. He cites Butlers Wharf, Sir Terence Conran's mixed development on the banks of the Thames which went into receivership in 1990,

#### Bank lending on property



Sources: Bank of England



as an example of what can be done. "When we came here, there was a feeling of dereliction," he says.

In the past two years, Ernst & Young has sold most of the residential apartments in the Cardamom Buildings and has sold the freehold of the Butlers Wharf buildings to a Danish pension fund for more than £20m.

Even the delays in taking decisions are not the fault of receivers, says Hamilton. The problems stem from getting a large banking syndicate of maybe 20 or 30 banks to take decisions.

The presence of large banking syndicates is one reason why this property recession is harder to deal with than that of the 1970s. But the main reason is the scale of the problem. The total debt to the property industry is, in real terms, three times that of 1974. Moreover,

the work-out will not be aided by the surge in inflation which assisted during the 1970s or by investment from the institutions, which used to be enthusiastic buyers of property.

This time, demand for property is weak. The banks' loans to property companies fell by 4.3 per cent last year, but the rate of decline slowed by the end of the year, reflecting the limited appetite for property from investors and the capital markets.

The absence of any obvious answers to the banks' problems has prompted calls for innovation.

Debt-for-equity swaps, debt trading and securitisation are all under consideration.

The most common of these is debt-for-equity swaps, whereby a bank takes an equity stake in a company that cannot repay its debt. The principle was taken to its logical conclusion

when Barclays took on the beneficial ownership of Imry at the end of last year (on which it yesterday took a £240m provision) and when Citibank took over Randsworth Trust earlier this week.

These deals were unusual because the banks were the sole lenders to the companies; and they are unlikely to herald a trend, since UK banks are unwilling to take on the responsibility and potential liabilities of owning companies.

Secondary trading of debt evolved in connection with the third world. The trading of debt in companies such as Brent Walker, Mountleigh and Heron is considered by lenders which may prefer a short-term loss to being locked in for several years.

The Bank of England has expressed disquiet. "In the majority of workout situations, debt sales will impede progress," said Mr Ben Kent, an associate director of the Bank of England, last year. "It is not in keeping with with London Approach, namely that banks should be supportive of a company which has announced that it is in financial difficulty."

Securitisation is a way of increasing the property market's liquidity by repackaging property so that it appeals to the capital markets. It has been used several times in the UK, most recently when Rosehaugh Stanhope Developments raised £100m in the US commercial paper market to refinance a building in its Broadgate office complex in the City of London. Securitisation is likely to be feasible only with well-let properties, which are the kind of buildings that are most likely to find buyers anyway.

None of these innovations is a panacea. There will be no easy solutions to the problems that excessive property lending has brought the banks.

| CHANGES IN PROPERTY VALUES (%) |         |         |            |         |         |         |         |         |         |
|--------------------------------|---------|---------|------------|---------|---------|---------|---------|---------|---------|
|                                | Retail  | Office  | Industrial |         |         |         |         |         |         |
| Year to                        | Year to | Year to | Year to    | Year to | Year to | Year to | Year to | Year to | Year to |
| Jan 92                         | Jan 92  | Jan 92  | Jan 92     | Jan 92  | Jan 92  | Jan 92  | Jan 92  | Jan 92  | Jan 92  |
| Rental growth                  | -3.3    | -0.3    | -17.7      | -1.8    | -8.7    | -0.8    | -10.1   | -0.5    | -0.5    |
| Capital growth                 | -3.1    | -0.4    | -14.3      | -1.0    | -8.0    | -0.3    | -8.5    | -0.8    | -0.8    |
| Total return                   | 4.5     | 0.3     | -6.1       | -0.1    | 0.3     | 0.5     | -0.2    | 0.2     | 0.2     |
| Current yield levels           | 9.0     |         | 10.4       |         | 11.4    |         | 10.0    |         |         |

Sources: IPI monthly index, Investment Property Database

## PEOPLE

### North West Water flows into Europe

When Swedish-born Eva Wisemark walked into the office of North West Water's chief executive Boh Thian to be greeted in Danish, she was immediately impressed. "I have great respect for anyone with English as their mother tongue who bothers to learn a Scandinavian language."

Presumably Thian was also impressed because he has now hired Wisemark, whose own linguistic skills are considerable and who has globe-trotted vigorously in a varied career, as the water company's European project director, a new position reporting to Alan Dean, group business development director.

With a mechanical engineering degree under her belt, her first job was selling gas turbines and steam generators for GEC in Sweden. She has worked with the Austrian State Power Board in Vienna, MIAG in Breunschweig, Germany, and John Brown Engineering in Portsmouth. For the



past 13 years she was based in the US, latterly as director of external business development in the engineered materials sector of Allied-Signal.

There she did a good deal of work in former eastern European countries, which in turn is part of her new beat. North West Water has a highly

ambitious £5bn investment programme this decade, with 8,000 projects under way at any one time.

The new opening also offers her the chance to quit commuting across the Atlantic to see her husband who moved back to Cheshire two years ago.

While it has pursued contracts in locations from Thailand to Australia to Indonesia as opportunities presented themselves, North West has hitherto had almost no presence in Europe - save a German operation belonging to Wallace & Therman of the US which has been part of the group since 1991.

Wisemark has a team of a dozen east European engineers who are working for her to produce a range of feasibility studies on possible North West Water projects in their respective countries.

She is also looking within the EC to decide how and where the UK utility can best compete.

### Educated moves

The appointment of Sir Ron Dearing as chairman of the new School Curriculum and Assessment Authority has initiated a reshuffle at the top of three powerful education quangos. Sir Ron, who was chairman of the Post Office Corporation between 1983 and 1987, is currently chairman of the Higher Education Funding Council for England.

The Schools Authority will be responsible from October for the national curriculum in England and Wales and for the compulsory tests administered to all schoolchildren at 7, 11, 14 and 16.

It replaces the National Curriculum Council (NCC) and the School Examinations and Assessment Council (SEAC), whose chairman, David Paskall and Lord Griffiths of Forest-fach respectively, will stand down on April 15 so that Sir Ron can chair both through the transition.

This will be the second time Dearing has performed such a role: he was chairman of both the Universities Funding Council and the Polytechnics and Colleges Funding Council when they merged to form the Higher Education Funding Council.

The new chairman of the Higher Education Funding Council for England is to be Brandon Gough, chairman of Coopers & Lybrand. A chartered accountant, Gough became chairman of the accountancy firm at the unusually young age of 45, and saw it through the merger with Deloitte's.

He is currently chairman of the Doctors' and Dentists' Pay Review Body and a member of the Financial Reporting Council.

One more vacancy remains to be filled in the education world: a chairman for the new Funding Agency for Schools, set up to disburse funds to opted-out schools. Is to be announced shortly.

### Bodies Politic



Stuart Mitchell, managing director of the UK arm of New Zealand's Brierley Investments, has decided to give up the life of a corporate predator and become a full-time executive of one of his quarries. The 37-year-old New Zealand accountant has been appointed corporate development director of Alvis, the engineering group.

Brierley, an investment group which specialises in taking strategic stakes in companies, had acquired a reputation for spotting under-valued stock market situations. Over the last few years it has held substantial stakes in companies such as Ultramar, Ocean Transport, Union Discount, William Low and Budgens. One of its more celebrated ventures was to try and persuade Vickers shareholders to support the demerger of its Rolls

### Predator turned quarry

Royce car business before the onset of the recession.

However, Brierley's UK stock market activities have been curtailed following its £64m takeover of Britain's Mount Charlotte hotel chain which left it heavily indebted. "Over the last twelve months we have been very quiet," says Mitchell, who admits that his firm does not have a lot of cash for further investments.

Brierley has a 28.9 per cent stake in Alvis and it is its second highest UK investment. Mitchell has been a non-executive director of Alvis for two years and says that he knows the people and the problems at Alvis, which reported a small net loss last year and cut its dividend. Alvis says that Mitchell will be responsible for the acquisition and disposal of Alvis businesses as the group restructures.

companies, has been appointed visiting professor in advertising by the University of Ulster. Anderson, 37, set up his advertising business in 1982 and it has expanded to be the largest employer in the sector in northern Ireland.

John Baden, a director of Girobank, has been appointed

to represent the members of the European Post/Giro Directors Group at the European Commission.

Baroness Mallison has been appointed chairman of the Council of the OMBUDSMAN FOR CORPORATE ESTATE AGENTS in succession to the late Baroness Ewart-Biggs.

Boh Taft, former chairman of Plymouth Chamber of Commerce, has been elected president of the ATLANTIC ARC CHAMBER OF COMMERCE. Keith Smith of Brody White (UK) and Ken Davies of Triand Metals have been elected to the board of the LONDON METAL EXCHANGE.

## IMPORTANT ANNOUNCEMENT THE LONDON DOCKLANDS

The FT proposes to publish this survey on Friday 21st May 1993.

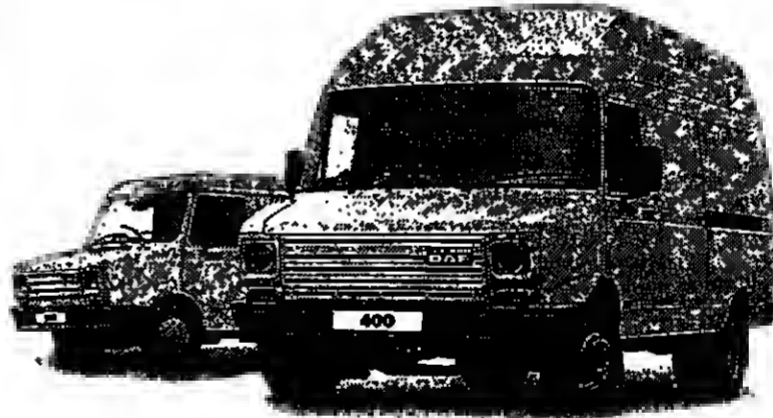
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**Museum of Art Pisserro's**  
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**TUBINGEN**

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**WASHINGTON**

**National Gallery of Art**  
Drawings from the O'Neal Collection: 58 old master and modern drawings from the 16th to 20th centuries, including work by British Victorian and pre-Raphaelite artists, Sienese painters and architects and other continental artists. Ends Aug 15. Daily

**ZURICH**

**Kunsthaus From the**  
Treasures of Euresia: 170 antiquities from Russia and Ukraine. Ends May 2. Closed Mon

**Museum Rietberg Zan Master**  
of Meditation: sculptures, paintings and wrillings offering a portrait of life in Buddhist monasteries from the 13th to 16th centuries. Ends April 18. (Gabelstrasse 15). Also Fabrics from Egypt's Deaart Sand: textile art from 2nd century AD. Ends May 23. Closed Mon (Haus zum Kief, Hirschengraben 20)

The sales clerk in the Tokyo electrical retail shop was unusually blunt. "Just because the name is Matsushita, it doesn't mean the product is good." Across the city, in a small neighbourhood shop, the refrigerators on display were covered with photocopies of newspaper articles warning of defects to refrigerators made by Matsushita.

Such incidents are part of an unprecedented reappraisal of one of Japan's corporate legends. Matsushita, the world's largest consumer electronics group and owner of Hollywood's MCA film studios, has been for decades a model of the virtues of Japanese management. But with its reputation seriously tarnished by product defects and a financial scandal, the company appears to be losing its way. The problems are manifest in its trading performance. In the current fiscal year, to the end of March, post-tax profits are expected to fall by more than 60 per cent to about ¥480 (€285m).

The most recent blow was delivered last week when Mr Akio Tanii, the group president, unexpectedly resigned after seven years at the helm. The official explanation for Mr Tanii's sudden departure was that he was stepping down to take responsibility for "a number of regrettable incidents". These comprised the revelation last year that Matsushita had sold 700,000 defective refrigerators, and the involvement of its National Lease subsidiary in a financial scandal which cost it ¥20bn as a result of loans to a stock market speculator.

But Japan's media have focused on the role played in Mr Tanii's fall by Mr Masaharu Matsushita, the Matsushita chairman and son-in-law of Konosuke Matsushita, the group's founder. According to the Japanese press, Mr Matsushita, unhappy at the decline in profits and the bad publicity surrounding the company, put pressure on Mr Tanii to resign and make way for the eventual rise to the presidency of his son, Mr Masayuki Matsushita. However, what the public clearly saw in Mr Tanii's departure was the seriousness of the problems afflicting the company. At their root, according to many industry analysts, is a cumbersome bureaucracy. A study carried out by the company found, for example, that only 20 per cent of working hours put in by marketing staff were directly related to business. Much work, not only at headquarters but among

## A merchant takes stock

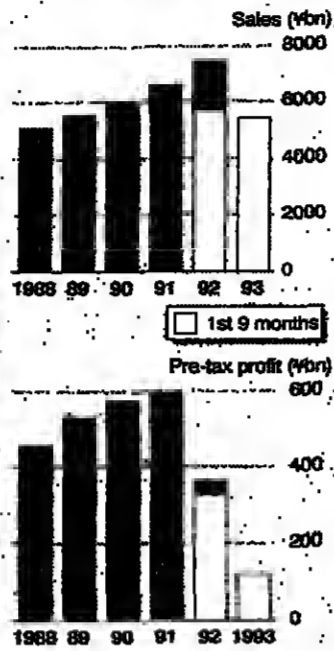
Matsushita is facing a fall in profits and a tarnished image, says Michio Nakamoto

Matsushita stricken by 'big business disease'

Akio Tanii, outgoing president



Source: Company report



group companies, was being duplicated.

The study reinforced a belief in the Japanese electronics industry that Matsushita may have grown too large to function effectively. With 315 subsidiaries, 138 of which are abroad, 24,000 affiliated retail shops and 24,400 employees, industry analysts believe Matsushita is suffering from *dai-ki-gyo-kyo*, "the disease of the big corporation".

Even Matsushita managers say they are concerned that their company has become bloated. They fear it has lost touch with its customers and drifted from its roots as a merchant of well-manufactured consumer electronics products with mass appeal.

At a meeting of group executives in early February, Masaharu Matsushita warned his audience that "it is no use talking about customers as number one unless that motto is put into practice. Matsushita itself is beginning to look in many ways like a company that has failed to do so."

Such concerns about serving customers are particularly worrying. In contrast with Sony and its other Japanese rivals, Matsushita has never been known as an innovator or a trend-setter. Instead, its strength has been as a reliable supplier of products through its extensive retail network. The discovery of product defects and its tarnished corporate image have, therefore, undermined its traditional advantages.

Matsushita has also suffered, along with the rest of the Japanese electronics industry, from the constant expansion of its product range. The company's philosophy, propounded by its founder, has been to provide a wide range of products that are "as cheap and readily available as tap water". However, its preoccupation with launching new models has led to excessive investment in existing product areas.

"At one point there were 220 types of TVs and 63 types of VCRs across the industry but only 10 per cent of these sold,"

says Mr Jiro Aoki, general manager of Matsushita's domestic sales planning office. "When the company finally began paying attention to what consumers were saying, it found out that they didn't want 20 buttons on a VCR. We began to question our whole manufacturing philosophy."

Faced with such questions and with the sharp decline in profitability, the group is responding. Last year, a restructuring programme was introduced in an attempt to maintain profits. Technical and marketing support is being reduced for loss-making and less profitable outlets. The group's system of extending financial support to retail outlets has been discontinued in an attempt to cut costs. Distribution has also been reformed and inventories throughout the distribution chain are being reduced from three months to one month.

There is also a greater focus on product development and product ranges are being reduced. The 73 types of Matsushita rice cookers which existed in 1989 have been reduced to 38.

The management is also trying to instil a new corporate philosophy that places less emphasis on producing cheap and readily available products. To this end, Mr Yoichi Morishita, the group's new president, has adopted a new slogan: "creativity and challenge".

The company is also determined to regain the confidence of Japan's consumers. "Among Japan's electronics companies, Toshiba was known as the samurai, Mitsubishi as the feudal lord and Matsushita as the merchant," says Mr Aoki from the planning office. "We must go back to our roots as a merchant, that means being customer oriented."

Despite such initiatives, the size of the group and its entrenched relationships with suppliers and retailers are likely to limit the pace of change. But perhaps the biggest obstacle to recovery will be its weak record of technological innovation.

A survey of employees at Matsushita conducted by the Nikkei Business magazine showed that the majority felt that the most critical issue facing the company is the development of products that are capable of building new markets in the depressed consumer electronics industry. This, and the avoidance of any further "regrettable" incidents, will determine whether Mr Tanii's successors can restore the merchant's fortunes.

## A vote could set them free

Joe Rogaly



Britain's political logjam could be broken by a well-tested explosive force - the referendum. Both sides could use it. The prime minister could blast away the gridlock in the Conservative party by promising its anti-Maastricht rebels a plebiscite when (if?) the government decides to exchange sterling for a European currency. The leader of the opposition could unite the Labour party around his campaign for "a citizens' democracy" by undertaking to consult the people on proportional representation.

There is one small snag. Both John Major and Neil Kinnock are against referenda. They regard the device as unconstitutional, an affront to the sovereignty of parliament. This objection is specious. Plebiscites have two functions. First, they express the popular will. Important constitutional changes should be endorsed by direct vote. Second, they rescue politicians in trouble. This is not a wholly ignominious cause. They are our rascals. From time to time they have to be extricated from the consequences of their own follies.

The 1975 referendum on Britain's membership of what was then called the Common Market fulfilled both functions. It saved the Labour government, and it legitimised Britain's membership of the EC. The 1979 referendum on the devolution of parliamentary powers to Scotland and Wales, also called by Labour, was a party fix. Scotland voted yes, but not by a large enough majority to make a party conclave in Harrogate tomorrow, to see him through. He may escape the humiliation of being forced to concede a referendum.

A party fix would do nicely for the Tories right now. The parliament battle over the hill to ratify the Maastricht treaty is blocking normal government business. The Conservatives are at war with themselves. A quarter of their normally loyal backbenchers have voted against the bill, or abstained. The cabinet is sorely divided; one minister confessed the other day that he had contemplated resignation over Maastricht "many times". An unwritten perhaps unspoken deal has been struck. Europhobic ministers will stand by Mr Major and support his bill. The headline scares of last weekend are groundless.

Messrs Howard, Portillo and Lilley are not plotting a Thatcherite coup. In return, the prime minister will cast aside thoughts of rejoining the exchange rate mechanism before the next general election. That comforts the sceptics, who believe that the ERM will collapse. Some of them assume that full monetary union will not be possible in their lifetimes. A promise of a plebiscite on British participation in a single currency union would add extra assurance. It would cost Mr Major nothing: he cannot bind future parliaments. He would have to eat some past words, but that is a price he may have to accept, if he finds himself with his back against the wall with the rebels' spears at his throat.

Meanwhile he lives in hopes. He is relying on signs of the end of recession, plus rousing speeches such as the one he is expected to make at a party conclave in Harrogate tomorrow, to see him through. He may escape the humiliation of being forced to concede a referendum.

Let us ignore for just a moment the usual crude calculations about what this would do for relations with the Liberal Democrats. A referendum on the method of election is justifiable on its own merits.

Voters everywhere are becoming disillusioned with politicians. Electorates that have been consulted about the merits of competing systems. The Italians who have too long endured an unwieldy list mechanism may yet discover that the people are better judges of what is in their own interests than are the parties. In Ireland, for example, Fianna Fail failed twice - in 1988 and 1992 - to end the single transferable vote method of elections to the Dail.

In New Zealand the voters have spoken with dramatic force. The two main parties stumbled into last September's referendum along a trail of broken promises, slippery statements, and competitive bids for popularity. According to a paper delivered by the political

scientist Richard Mulgan at the Australian National University, politicians from these parties "confidently expected that they could draw on traditional Anglo prejudices against the immobility of coalition governments and against the smoke-filled room aroma of party lists".

They therefore loaded the dice in favour of the Westminster first-past-the-post mechanism that has long suited them so well. Voters were asked to think first about whether they wanted a change and, subsequently, about which of four alternative systems they would prefer. On a 55 per cent turnout, 55 per cent favoured an end to first-past-the-post and 70 per cent chose the German model, with its mixture of constituency and list MPs. This from New Zealand, which harbours a closer replica of English society than any other on earth.

Before he talks of a referendum, Mr Smith needs to think. A clumsy introduction of PR into the tag-end of last April's election campaign appears to have cost Labour dearly. A careless commitment to a plebiscite in the next Labour manifesto would leave several questions unanswered, not least about why Mr Smith favoured a change (if he did) while his deputy, Mrs Margaret Beckett, opposed one (which she almost certainly would). Those who still stream of Labour ruling on its own would be set against those who believe that it stands a chance only in coalition. The Labour leader would have to come off his personal fence, even if he allowed his immediate colleagues to campaign against one another, as they did in 1975. Will it happen? Picture Mr Smith striding out in front of his party the better to lead it. I don't believe it either, but it would be explosive.

Let us ignore for just a moment the usual crude calculations about what this would do for relations with the Liberal Democrats. A referendum on the method of election is justifiable on its own merits.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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### NHS reform and the role of private financing

From Mr John Fourle

Sir, John Willman's review ("Just what the doctor ordered", March 1) of the recently published OECD report on the convergence of healthcare systems in seven countries of the European Community describes clearly the benefits accruing from operating a mixture of public sector and private-sector provision and financing within the framework of a managed market.

Mr Willman's article points out that the British health service is held up by the OECD report as one of the two services most advanced in their reforms. It is a pity then that the article did not try to explore the role that the private healthcare sector might be called upon to play as part of the new health service now taking shape in Britain.

The issue of private-sector financing in particular could have been fruitfully examined by doing a comparison with the Dutch service - which the review describes in some detail (although it is easy to understand how the topic might need to form the subject of a completely separate article).

John Fourle, 79 Powerscroft Road, Clapton, London E5 0PT

### Best sanction against conflict of interest

From Mr Eric C Elstob

Sir, As a practitioner in an investment management group I was interested by Lex's worries ("Investment trusts", February 27) about conflicts of interest between investment trusts and their managers.

I personally keep the bulk of my assets in the shares of the investment trusts of the group where I work, for the simple reason that I know that the investment strategy followed is the same as I would follow were my assets large enough to warrant a discrete portfolio.

Thus as a manager my interests are precisely *ad idem* with the other shareholders of the investment trusts.

No regulator could invent a more telling sanction. Eric C Elstob, 14 Pournier Street, Spitalfields, London, E1 6QE

### UK manufacturing would look better if compared with rivals

From Mr Tony Thomson

Sir, Before there is any more tub-thumping by Roger Lyons (Letters, March 4), the prime minister or any other of the great and good about the decline of British manufacturing, might it not be worth spending a bit of time on examining whether a "decline" has, or is, taking place?

Looking at manufacturing's contribution to gross domestic product in other English-speaking countries and France, the figures appear to be roughly the same as ours. It is true that manufacturing output has fallen in the UK but that is normal in a recession.

Historically, British manufacturing industry was overmanned and undermanaged. Shedding labour at all levels is an encouraging long-term trend, however dismal for the individuals concerned.

Better education and a reduction in costs such as taxes and regulations for all businesses, whether service or manufacturing, is the correct response.

Trying to revive the Midlands' galvanised steel widget industry - by whatever means - is a waste of time and money.

Tony Thomson, Bankers Trust Investment Management Limited, 1 Appold Street, Broadgate, London EC2 2HE

From Mr Ronald Dore

Sir, Roger Lyons gives us a timely reminder that there are people who work in manufacturing, as well as those who own and manage it.

It is especially timely given Tuesday's revealing article on the bankruptcy law ("The beauty of a vote", March 2). Three clever economists presented an ingenious scheme for sorting out conflicts of interest among creditors, faced with the choice between liquidation and reconstruction.

Their unquestioned assumption was that the matter was solely for those who had money at stake to decide: never, ever, the people who

had livelihoods at stake, except to the extent that they happened to be owed a bit of back pay.

Such an assumption would never be made in our more successful competitors. In Germany, a public company is seen as a public institution, in the way a hospital is. In Japan it is seen as a community of all who work in it, not just a bit of property owned by shareholders. Even in America, the only other country our three economists seem to have heard of, elaborate Esop provisions exist to favour the taking-over of ailing companies by their employees.

Can we really make it in 21st-century world markets if we stick to our peculiarly British obsession with the rights of property? Are we supposed to rely on the Hoovers of this world to come and take advantage of our un-socially chartered, uninvolved - but cheap - labour?

Ronald Dore, Kensington, London SW3

### Conservative constitution is party chairman-proof

From Sir Norman Fowler

Sir, Your article ("Tory Associations criticise Fowler", March 2) is based upon a fundamental misunderstanding of the constitution of the Conservative Party.

I am the chairman of the Party Organisation, the professional wing of the party. The affairs of the voluntary party are handled by the National Union of Conservative Associations, whose leadership is elected by party members. It is the National Union that decides the agenda at the Conservative Party's central council and annual conference.

Your article was therefore entirely wrong to state that I had "blocked" an attempt by a number of constituency Associations to call a special meeting of the central council. Not only have I not done so; I have no power to do so. In fact, this request was rejected by the elected National Union Executive Committee by overwhelming majority votes at three separate meetings on the grounds that the actual number of verified requests for a special meeting of Central Council was well below the 50 required.

The article was also wrong to say the debate on Friday morning concerns my plans for Central Office. It does not. It concerns the proposed change in the rules of the National Union, following the

admirable report of the chairman of the National Union Executive Committee, Sir Basil Feldman, already passed by that committee.

As for feelings about the supposed "autocratic style" of Central Office, it is precisely in order to address any such concerns within the party that I am setting up a board of management, representing all parts of the party. Three members will come from the National Union and in addition there will be the elected chairman of the 1922 Committee, the elected leader of our MEPs and a leading representative of our elected councillors.

As far as I know the so-called Party Reform Steering Committee does not oppose my action in radically cutting spending at Central Office or in appointing a new director general and a new finance director. They do not oppose the establishment of a new Constituency Services Department and indeed they do not oppose the establishment of a management board itself. Nor indeed should they. For these actions were based on the results of the widest consultation with the party yet undertaken.

Norman Fowler, Conservative Central Office, 32 Smith Square, Westminster, London SW1P 3EH

### Auditors must redefine their profession

From Mr Roger Davis

Sir, By the end of March the auditing profession must decide where it is going by responding to the Auditing Practices Board's vision for the future. The APB suggests the audit should provide more assurance to both management and shareholders on the proper conduct of companies' affairs.

But many in the profession suggest the proposals are too radical. They would indeed be a large step for a conservative profession. But they are essential if auditing is to retain its relevance to society.

The audit was last defined in the 1947 Companies Act and no longer satisfies public opinion. The status quo is therefore not an option. Those who are unhappy with the APB's proposals should propose an alternative. Without it, there is a serious danger that the role of the audit will be increasingly marginalised.

Directors and shareholders need more assurance in an increasingly competitive and complex business world. If my profession does not provide it, the void, and unless the profession demonstrates its vitality, it will be hard to attract talented recruits. Roger Davis, Head of Audit, Coopers & Lybrand

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## FINANCIAL TIMES

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Friday March 5 1993

## Bundesbank waits

YESTERDAY'S DECISION by the Bundesbank to postpone cutting interest rates is not that significant. None the less, the Bundesbank's gradualism is creating something close to hysteria. It is criticised for straining the European economy and for acting in ways likely to destroy hopes of European monetary union. These are serious charges. How might the Bundesbank answer them?

A part of that answer is that the European economy may be in recession, but overall European inflation is still well above the 2 per cent target set by the Bundesbank. The case for easing may be strong for Denmark and reasonably so for Belgium, France, Ireland and the Netherlands. But these are regions of an EC economy whose weighted rate of inflation last year was 3.5 per cent.

Another part of the answer is that the EC is in a monetary policy limbo. The Bundesbank is Europe's central bank *de facto*, but *de jure* it is responsible for Germany alone. It is as if the Federal Reserve were to stabilise prices in Texas. Worse still, the Bundesbank has a vested institutional interest in making the transition to EMU as difficult as possible for the rest of the EC. The for is in charge of the chicken coop. Little wonder feathers are flying.

Yet there is no reason to assume a conspiracy. The conflicts created by the Bundesbank's dual responsibility are inescapable. It would, for example, probably have tightened monetary policy more sharply if it had not had to worry about the European reaction, particularly in the period leading up to the Maastricht negotiations. Had it tightened faster, it might have cut rates more sharply as well. Similarly, every time the Bundesbank is seen to cut rates in response to European political pressure, the longer the wait until

the next reduction is likely to be.

The most relevant criticism is whether the Bundesbank is using the right economic analysis. In particular, is it taking proper account of the international repercussions of its own decisions?

The Bundesbank notes, for example, that some 80 per cent of German bank credit to the non-bank private sector is at long-term interest rates. Since German long-term interest rates have fallen by almost 2½ percentage points since the autumn of 1990, it argues that it should be commended.

This argument underplays the international effects of German interest rate decisions. The raising of the German discount rate by three quarters of a percentage point last July was, for example, motivated by concern over the growth of broad money (M3). But its result was to shake the ERM almost to pieces. The consequent exchange rate intervention led to still further growth of German M3. It also led to substantial increases in short-term interest rates in many European countries. The resultant European slowdown helped push German industrial output down by over 4 per cent between last June and January 1993.

It is unreasonable to expect the Bundesbank to ease monetary policy faster than needed to achieve monetary stability in Germany. Should that not be fast enough to save the ERM, then it is for politicians to decide whether the way German monetary policy is made should be changed. What can be expected of the Bundesbank, however, is that it take full account of all the consequences of its actions for German price stability. It may now be failing to recognise the strength of the disinflationary forces it has introduced into Germany via the effects of its policies elsewhere in Europe.

## Not honourable

THE PRIME MINISTER deserves a medal, not a knighthood, for the changes to the British system of honours that he announced yesterday. It is right that knighthoods should cease to be automatically awarded to time-serving Tory backbenchers or nearly superannuated civil servants - that, indeed, all gongs will in future be pinned only on the chests of those judged to deserve them.

It is consonant with John Major's view of a "classless society" that the lesser decorations, such as the British Empire Medal, until now reserved for what were formerly called the lower classes, should be abolished. There is sense in the proposition that anyone can write in to say that so and so has performed a social service very well and ought to be rewarded: a sound honours system exists to allow a society to thank those whose valued actions have not yielded personal wealth or power. It is also true to say, as Mr Major did, that the independence of the judiciary is protected by excluding High Court judges from the new rule of merit, although

the same effect might have been better achieved by disassociating them from knighthoods altogether.

All of this is unexceptionable, so far as it goes, which is no great distance. The prime minister retains his immense and opaque power of patronage; his reference to the existing arrangements for scrutiny of candidates is hardly reassuring.

This is particularly so in the case of the retention of honours for political services, which are not taken up by the Labour party. Too much support for the Tories is currently paid for by government issue of silken ribbons and the chance to wear ermine. Yet reform of the House of Lords is beyond Mr Major's agenda.

Mr Major has missed an opportunity to bring an antiquated system properly up to date. He appears to understand the importance of maintaining respect for the honours system, if it is to have continuing value. But the reformed arrangements retain an unnecessarily antique and hence backward-looking instinct. He should have been more radical.

## Banking lessons

WHEN BARCLAYS raised £921m in new capital in 1988, the FT's Lex column concluded itself that though the issue might lead to bad lending, "at least Barclays will soon have plenty of capital to cushion itself against its future bad debts".

What seemed a pessimistic comment has proved wildly over-optimistic. In the last two years Barclays has taken charges of over £4bn for bad and doubtful debts, a figure that dwarfs the capital raised five years ago. In 1992 alone the bank discovered nearly £800m of bad lending to the property sector; nearly £600m was accounted for by 27 big borrowers.

These are remarkable figures. They call into question not merely the judgments at Barclays but also the framework within which British banking has been operating.

Take Barclays first. Those culpable range from senior managers who authorised the lending to a board which allowed them to dash for market share. Institutional investors could also have taken a firmer line. They complained in private about the 1988 capital increase and extracted promises of future good behaviour, but voted in the end - by 95m votes to 11m - in favour of the issue.

Against this background, yesterday's cut in the final dividend is an appropriate response: it is right to keep available funds to strengthen capital, rather than pay it out to shareholders. It would also be appropriate for directors to reflect on their own roles in this story.

Now turn to the banking system as a whole. The loan losses at Barclays differ only in degree from those suffered elsewhere. Even the

most prudent, well-managed banks have recently found themselves making disconcertingly high bad debt provisions.

Bankers argue that, though there was some boom-time relaxation of lending standards, the real cause of the disaster lay in the economic policy of the late 1980s.

Yet this is a somewhat circular argument. The boom was fuelled not by an irresponsible surge of government money-creation, but by a failure on the government's part to curb the breakneck credit expansion of the banks.

True, ministers revelled in the false prosperity the credit surge created. True, the Bank of England could have warned more fiercely and insistently about the risks of property lending. The crucial decisions which created the boom, however, were not imposed on the banks from outside; they were made internally, by managers hoping for higher profits in a newly deregulated financial services market.

The lessons of the banking losses of the past two years, therefore, involve the constraints and incentives for those managers. Deregulating banks' assets while maintaining an implicit guarantee of their liabilities has proved a recipe for managerial irresponsibility. Those managers, in turn, have been egged on by shareholders unwilling to offer a corresponding proprietorial discipline.

Bankers, politicians, supervisors and shareholders are all chastened now. Yet nothing has changed. The imbalances in the banking framework and in corporate governance remain. It will happen again.

For leaders of industry in Germany, France and the UK explain their strategies for economic survival to David Marsh

Industry leaders in Germany, France and the UK explain their strategies for economic survival to David Marsh

## Three men and a recession



Howard Davies (left), Tyll Necker (centre) and François Perigot do not expect any easy answers

government, employers and unions to try to put unity financing on a sounder footing.

Pointing to diminished enthusiasm in Germany about European integration, he says the BDI is doing its best to lower companies' "fears" about the single market.

But Mr Necker is cautious about the drive to economic and monetary union. His priority is clear: "I would rather have a stable currency than a single currency."

In view of reunification-induced inflationary pressures, the Bundesbank has had little alternative but to tighten monetary policy. The Bundesbank wants to discipline government and wage partners.

This has implications for Germany's neighbours. "We were the locomotive [during the unification boom]. Now we are the brake... This will cause problems for the whole of Europe, and this rebounds on Germany."

The reverberations of Germany's monetary and fiscal policies are certainly felt in the 16th *arrondissement* of Paris, where Mr François Perigot, president of the French Patronat, has his headquarters. He talks of "impatience" at the high French interest rates needed to maintain the franc's D-Mark parity.

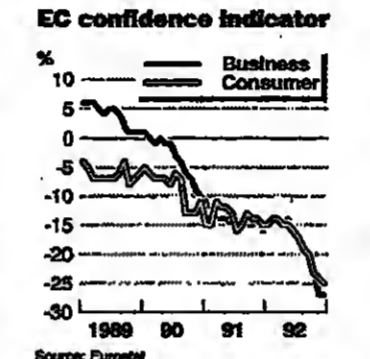
A strong supporter of European union, Mr Perigot, a debonair 66, headed Unilever's French

operations for 10 years before becoming Patronat chief in 1986. He says Europe is undergoing "its most important crisis since the beginning of the European Community."

Where Mr Necker shows coolness on EMU, Mr Perigot terms it a "weapon" enabling Europe to stand up for its worldwide economic inter-

ests. "Monetary union is absolutely necessary. We need homogeneity of economic policies to avoid distortions caused by 15 per cent differences in exchange rates. This will give Europe a different authority on the international stage."

Mr Perigot hints at the painful ambivalence in French policies which have produced low inflation and a strong franc - at the cost of



3m unemployed and a probable heavy defeat for the Socialist government in this month's general election. "There is no other solution but Franco-German solidarity. But can we afford it?" He says he backs the *franc fort* policy, but adds that, given the nervousness on the foreign exchanges, it would be impossible for him to say anything else.

While Mr Perigot says he does not find the idea shocking that other countries have to bear some of the costs Germany faces in overcoming 40 years of communism, he admits German unification could crack the edifice of European integration.

He frequently complains that social charges on French employers are too high, but has established a good *modus vivendi* with the Socialist government. "You must be respectful in order to be respected."

Mr Perigot refuses to participate in criticism of alleged UK attempts to attract jobs through lowering labour market standards. After the decision by Hoover, the appliance maker, to relocate its Dijon factory to Glasgow, Mr Pierre Berégovoy, French prime minister, accused the UK of heading down a "dead end".

Mr Perigot is more elegant. To avoid devaluation pushing up inflation, he thinks the UK may need assistance. "I pray God will help the English," he says sardonically.

Mr Howard Davies, director-gen-

## Branson and the bounds of silence

Robert Rice says confidentiality clauses have limits

If Mr Richard Branson, head of Virgin Atlantic Airways, is debating whether to sign a pledge of silence over BA's "dirty tricks" campaign as part of a final settlement of the airlines' bitter dispute, he could do worse than talk to Mr Freddie Laker, founder of the now defunct Laker Airways.

As part of the settlement terms of his US anti-trust lawsuit against BA in 1984 over its campaign against Laker's Skytrain, he agreed to be bound by a confidentiality clause never to talk about the affair in public again. Nine years later, industry friends say he still regrets the decision.

Mr Branson says he is happy to agree with BA not to rake over the past, but is understandably nervous about signing away his right to defend the airline if it comes under attack over the row with BA in the media.

The attempt to silence Mr Branson and Virgin staff is said to be the only outstanding issue between the two companies. BA has offered a £5m cash settlement and a signed commitment not to indulge in any

further anti-competitive practices.

"In high-profile settlements, confidentiality clauses are the norm," says Mr John Wright, a litigation partner with City solicitors Warner Cranston, "certainly in any case which is a matter of public record, or where a professional or a company's reputation is at stake."

Dr Karl Mackie, director of the Centre for Dispute Resolution, an industry-backed organisation dedicated to resolving commercial disputes by mediation and conciliation, says they are particularly common in cases "where there is a risk of commercial damage to a business reputation at a future date if the issues are aired again".

Frequently, they form part of a more general agreement that all the terms of a settlement should remain secret.

"In most settlements of disputes there is usually some restriction about what can and cannot be said by the parties. It's not uncommon for that to include a restriction on

commenting on the underlying dispute," says Mr Robert Anderson, a partner of City solicitors Lovell White Durrant.

Lawyers point out, however, that the current talks between Virgin and BA do not constitute a settlement. "The dispute was settled when

**A pledge of silence will not necessarily affect Branson's ability to defend Virgin in the future**

BA apologised in the High Court and agreed to pay £510,000 damages and Virgin's costs, thought to be about £1.6m. There is no outstanding litigation between the two companies, only the threat of possible legal action in the US.

"What they are negotiating now is effectively a new commercial agreement because it is concerned with their future commercial relationship," Mr Wright says.

The confidentiality clause would be a crucial element of the new contract. The terms of the clause itself are fairly standard and often signed by senior executives when leaving companies. Mr Branson cannot mention the "dirty tricks" campaign again unless Sir Colin Marshall, BA's chairman, agrees, or unless the High Court permits it.

A standard confidentiality clause would also include a penalty for breaching it. Without one, the clause would carry no weight. In the BA case, lawyers suggest, a possible sanction might be for BA automatically to recoup its £5m if Mr Branson breaks his word.

BA might also be able to obtain a court injunction for breach of the agreement, thus preventing Mr Branson from making further reference to the dispute. Alternatively, lawyers add, it could sue him for any damage to its commercial reputation caused by reviving the affair.

The knowledge that breach of a confidentiality clause could result in fresh litigation means that pledges of silence are rarely broken.

But would the courts uphold this particular attempt to stop discussion of a matter of public interest? Mr Branson has one possible defence to any attempt to obtain a court injunction, lawyers indicate. He could argue that breaking his silence was in the public interest.

Mr Branson might also note that if there were further instances of dirty tricks by BA, despite its assurances, he might be entitled to argue in court that he was no longer bound by the agreement and was thus free to make any reference to past events he chose.

So while the immediate effect of signing a pledge of silence might seem draconian, it will not necessarily affect his ability to defend himself or Virgin in the future.

"Some people may see it as gagging," Mr Wright says, "but as a lawyer I don't. They are free to enter into this agreement or not as they wish. It's all about freedom of contract."

## No flies on Beijing

Don't try to be a fly on the wall around Beijing's forbidden city this week - you're sure to get squashed. Besides red-carpeted Young Pioneers on the prowl with swatters, there are television cameras snooping for any flies still surviving inspections by top municipal officials.

The purge on flies, together with other blemishes on the face of the city, is in preparation for tomorrow's arrival of a dozen of the international Olympic Committee to assess Beijing's bid, in competition with Sydney, to host the next Olympic Games.

Under banners proclaiming "A clean and pretty Beijing awaits the year 2000", the welcoming procedure has been put through no fewer than four practice runs. And even if the 12 committee members each insist on being chauffeured around separately during their four-day stay, there will still be two cars to spare.

But the 14 new Mercedes 280s at their disposal all bear a reminder of what is expected of them. The number plates read: Beijing 2000.

To enable the party to travel speedily as well as comfortably, local traffic movements are being curbed. And to improve the city's road-safety image, bicycling parents have been asked to stop carrying children as passengers.

Even so, reports in the Communist Party's daily paper indicate that 92.6 per cent of the nation think the costs justified by the potential prize. For added emphasis, the country's Olympic affairs chief He Zhenliang has declared that 1.1m Chinese are eagerly awaiting the eventual decision.

Presumably he's hoping that if the visitors aren't persuaded in China's favour by the car number-plates, fear of angering a quarter of the world's population will do the trick.

**For valour**

The Rugged Cross, Observer's award for bravery, goes to Julian Robins, banking analyst at Barclays' BZW.

When all his pundit peers were saying Barclays would hold its dividend, Robins forecast back in November that his employer would cut same. Moreover, unlike some others, he stuck to his guns.

If Barclays chairman Andrew Buxton is a charitable sort, he should make sure young Robins gets a bonus for customer service beyond the call of duty.

**Overtaken**

United Biscuits might have timed things better with its glossy interim report, the cover sporting a map of Europe and the Americas



"How long would I have to talk Britain up before I got a knighthood?"

fashioned from group products: crisps, sweets, chocolates, peanuts, raisins and all manner of biscuits.

Of those representing the UK, the only two identifiably branded are both made by Terry's, sold to Kraft on Wednesday.

**Off the record**

On course for a 500 per cent annual turnover in economy ministers - it is now on its third in 150 days - Brazil is fertile ground for pranksters. Their chances are all the better for the confusion caused by the rule that

when ministers go, their entire staff goes with them.

Hence when Eliseu Rezende's nomination to head economic affairs was followed by a certain Joao Silveiro presenting himself as the incoming press officer, he was promptly installed. The new minister assumed he had been sent by the presidency, which for its part assumed he'd been appointed by the minister.

But given what some press officers get away with, it's to the ministry's credit that chemistry student Silveiro was rumbled after only two days, which he spent mainly in faxing love messages to his girlfriend. His last statement before being led to the cells was: "I just wanted to serve Brazil."

**Gone before**

"Is CSFB's Rudloff the man for the 1990s?" asks the cover of the latest *Euromoney*. Alas he isn't CSFB's Rudloff any more. He is being booted up to executive board of CS Holding, Credit Suisse First Boston's majority shareholder, and replaced by David Mulford, the former US Treasury official.

This career switch doesn't seem to have been foreseen by Rudloff when he was interviewed in December. Asked if he fancied a change, he replied "Perhaps. But there is still so much to build here." Yet it is hard to believe that the chain-smoking Rudloff - the most feared and respected man in the

history of the Euromarkets - will actually withdraw from deal-making merely by going to Switzerland. Besides having the market in his blood, he has been deeply involved in the business regardless of geography, dividing every week for a decade between London, Geneva and Zurich.

One lucky break for Rudloff, however, is that he avoids the firm's dreaded move to London's Docklands on Monday morning.

**Neck and neck**

...and then there were two. The next editor of the Economist magazine will be either deputy editor Nico Colchester, now 46, or the nine years younger Bill Emmott, the business affairs correspondent. The last lap of the race for the much coveted post will be run on Tuesday.

Emmott, a Japan buff, had been the favourite. But Economist journalist David Lipsey, who is running a book, now puts both at odds of 11/8 on. Although form suggests that Colchester's age is a handicap, being deputy editor ought to count for something.

**Wait for it**

Is it appropriate, or the reverse, that the UK Monopolies and Mergers Commission's investigators studying the condom market have been given nine months to report?



# EUROPEAN AIRPORTS: MANCHESTER

SECTION III

Friday March 5 1993

During the past eight years Manchester airport has become the starting point for more than 12m travellers flying around the world. As the £265m Terminal 2 opens today, Ian Hamilton Fazey traces the growth of this new international hub

## A giant step for the north

THIS could be Manchester's year. The city is bidding strongly for the 2000 Olympics and will host the second world Earth Summit this summer. Today, it inaugurates a new £265m terminal at its airport, a symbol of economic resurgence.

The terminal will become operational in three weeks after trials. It should mark a great leap forward, not only for Greater Manchester - the 10 boroughs of which own the airport - but for most of northern England, north Wales, and much of the Midlands.

The airport's emergence in the past seven years has been startling. If it ever rivalled the comparably ambitious airports of Birmingham and Glasgow, it left them trailing in the 1980s after government designation as the UK's northern hub and international gateway.

This has meant that while Birmingham and Glasgow are each still climbing towards 5m passengers a year, Manchester passed 12.4m in 1992.

It was at 4.4m in 1980 but the big surge in growth came from 1986 onwards, after it had done market research and taken the findings to the airlines.

The argument was simple: tens of thousands of northern people were being forced to travel to London to catch international flights, with considerable waste of time and money. Why should they not fly from Manchester Airport, which -

because of the motorway network - is almost at the road travel "time centre" of Britain?

The "time centre" argument is strong. The M6 and M62 motorway cross at Warrington, about 15 minutes from the airport via the M56, on which the airport lies. The exact time centre is near Knutsford, a pretty Cheshire village almost under the airport's take-off flight-path.

Nor was the argument new. Warrington New Town built up a large national distribution industry, with acres of warehousing and thousands of jobs in the 1970s and 1980s by claiming to be at the centre of Britain.

A circle of 220 miles radius drawn on the junction of the M6 and M62 takes in 97 per cent of the British population, including Glasgow, Edinburgh, London, Southampton, Bristol and Cardiff.

"About 20m people live within two hours' drive of the airport and 60 per cent of all UK manufacturing is within three hours," says Gill Thompson, the chief executive. "We are a nation in our own right up here and events have proved us quite capable of supporting an international hub airport."

Some international carriers such as Qantas and Cathay Pacific stop elsewhere to top up after starting at Manchester, but passenger convenience is greatly improved by not hav-



ing to change aircraft at London, Amsterdam, Frankfurt, Paris or Zurich.

Transatlantic services to New York, Chicago, Atlanta, or Toronto are non-stop and up to an hour faster than using London Heathrow because of the shorter distance and lower level of air traffic congestion. A new weekday service to Los Angeles starts next month.

All carriers have been pleased with the results, with passengers carried increasing yearly. When American Airlines started a daily service to New York in competition with British Airways, BA feared it might halve the cake; instead, it doubled it.

Sir Alan Cockshaw, chairman of Amec, the Cheshire-based construction and civil engineering group, says: "The north needs this quality of airport. Heathrow is a block. If you come back from the US to here, you can do it in five-and-a-half hours from New York. The more long-haul flights we can get into Manchester, the

better it will be for business north of Birmingham."

Manchester's figures show the strength of the market. In 1985, the airport had 2.4m scheduled passengers, 3.7m chartered, and 114,000 in transit, totalling 6.2m. Last year there were 4.8m scheduled, 6.9m chartered, and 747,000 in transit, totalling 12.4m.

The three categories grew by 100 per cent, 88 per cent and more than 500 per cent respectively over eight years. Mr Thompson says the growth in transit passengers is proving Manchester's strength as a hub.

"There are now more domestic passengers feeding Manchester as a hub than any other airport in the country, including London," he says. "We have 19 domestic routes. Six years ago, only 2 per cent of our turnover was transfer business, now it's 7 per cent."

"That means 350,000 extra passengers, mainly to long-haul carriers, such as American to Chicago, Delta to

Atlanta, or Cathay Pacific to Hong Kong. This is the top-up traffic we promised them when they started these services."

"We feed them in from places such as Dundee, Edinburgh, Exeter, Southampton, Belfast, Cardiff and Newcastle. It's expensive in terms of handling and usage of the runway because we are using up slots we would otherwise have for larger aircraft, but it's our investment in the future - to be a hub, rather than an airport that flies from point to point."

Not everyone is happy with Manchester's development, including many inhabitants of Knutsford and its neighbouring village of Mobberley.

Mr Jeff Gazzard, leader of Kamjag - the Knutsford and Mobberley Joint Airport Action Group - says much of Manchester's non-hub business in the chartered and holiday tour traffic markets could be pushed elsewhere, so that Manchester would not need a second runway to cope with fore-

cast levels of growth to 2005. Merseyside's political leaders agree with Kamjag, and say if north-west England needs a second international-standard runway, there is no need to build it at Manchester - or rather in Cheshire's green belt - because there is already one at Liverpool, 30 miles away.

For Manchester, however, the 55/45 split between chartered and scheduled-plus-transit passengers is not the issue. Each comes with the other, forming a critical mass in the market place that attracts airlines and establishes the airport as a centre of excellence in operations, maintenance and as a focal point for growth.

One in four passengers comes from Yorkshire, a proportion that should increase when the motorway is completed around Greater Manchester in about 1996, shortening travelling times from Leeds to about 50 minutes.

Mr Thompson cannot see them driving on to Liverpool, although he supports Liverpool

having a complementary role, possibly as a co-terminus for holiday traffic from west of the Pennines. Merseyside, however, which is Greater Manchester's economically poor relation, wants air traffic growth spread more evenly to balance the benefits.

The issue will be decided by the government after a public inquiry next year. Manchester will have a powerful argument: the airport is one of northern England's most powerful economic generators; capping its growth when it runs out of runway capacity at 18m passengers would knock it out everywhere.

The second runway will have wide support. Throughout the 1980s, the Northern Consortium - a trans-pennine grouping of all local authorities - consistently pushed for the airport's development so the north could gain the economic benefits of growth. Only the five Merseyside authorities are preventing consensus in the North West Regional Association of councils.

Northern business also supports strongly the second runway, as well as wanting improved links by road, rail and air to speed up business travel to Manchester. Moreover, the airlines also want to grow together in one place.

Manchester is used by 94 airlines serving 165 destinations. Scheduled traffic should grow faster, with opportunities to start new routes in Europe, following the arrival of the single market and the deregulation that has come with it.

The evidence is that regional hub airports have a developing role in air transport as places like Heathrow become more congested. They also have an economic and social impact on their hinterlands that are important forces in reconstructing regional economies.

Manchester has not been Europe's fastest-growing airport for the past five years by accident.

It is fast closing on London Gatwick's throughput of around 19m passengers and a second runway would take it to 30m, compared with Heathrow's 40m now. There could also be 50,000 new jobs by 2005.

### IN THIS SURVEY

#### The place that Howard built



Howard Shipley: the man who led the management team that brought Terminal 2 in on time and under budget

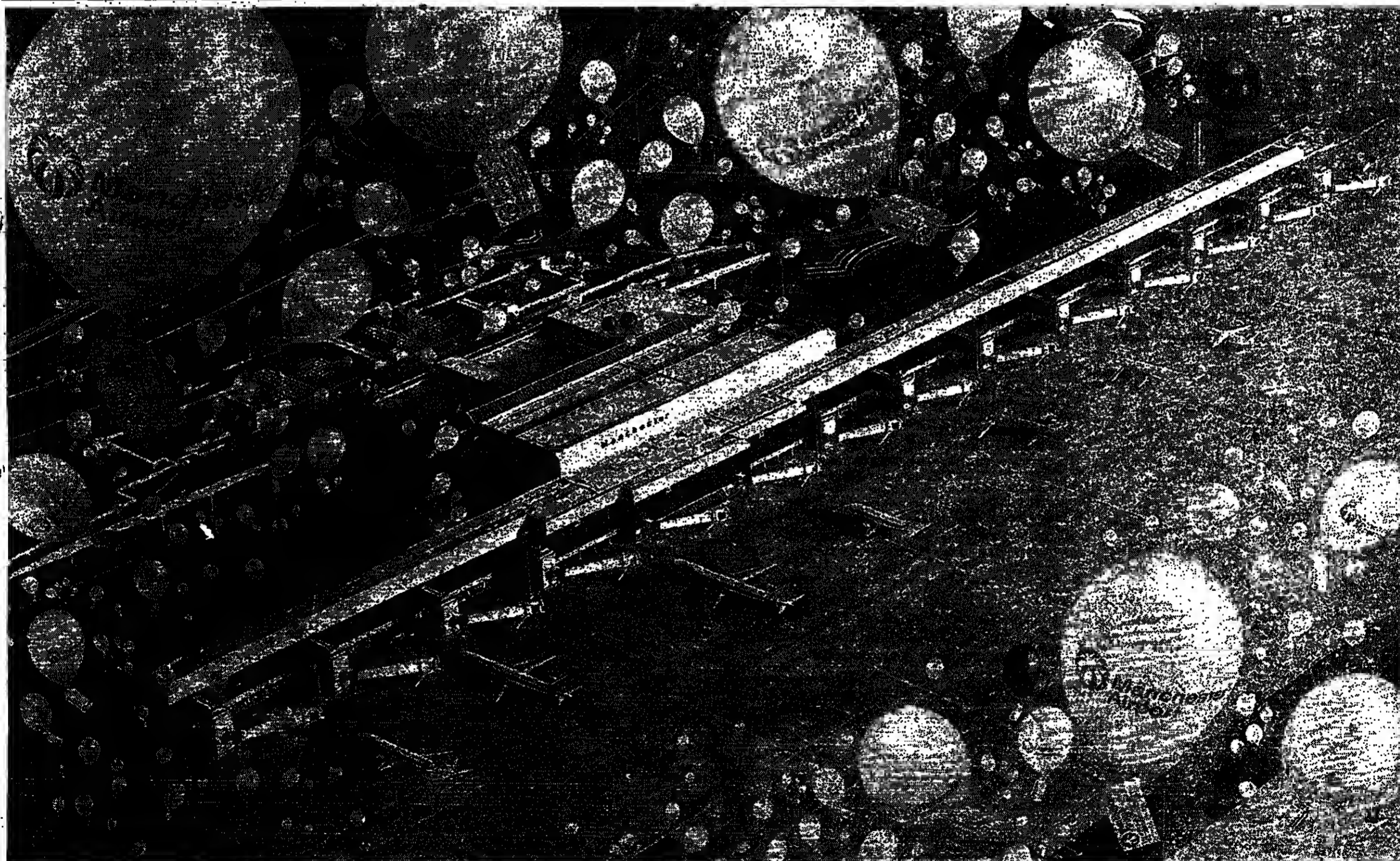
Triumph for design-and-build  
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Something's got to give  
Marketing man reaches for the sky  
Map  
Key facts  
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Airlines get a flying start  
Ripples may spread far and wide  
Page 6

Editorial production: Roy Terry



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Stewart Dalby checks the approaches to an airport serving 20m people

## On track for easier access

EASY accessibility, with 20m people within two hours' driving, has been one of Manchester Airport's main selling points. In contrast to the southern international airports Gatwick and Heathrow, its approaches have not been badly congested.

Outside the rush hours, it is an easy 20-minute drive from the centre of Manchester to the airport. There is adequate parking there, and prices are comparable with elsewhere.

Ms Louise Congdon, general manager in charge of market strategy at the airport, says there is still a car-to-aircraft time of only 20 minutes for domestic flights.

For international flights, with passport control and security, it takes a little longer. But passage from the car park through the airport is considerably quicker than in the vast, sprawling Heathrow complex.

However, Manchester's great weakness has been the lack of a rail link. At the moment the airport can be reached only by road. It is estimated that more than 70 per cent of all journeys to the airport are by private car, the rest by bus or taxi.

As air traffic grows and the airport expands pressure would have built up not only on the approach roads but also on the car parks.

It was recognised some years back that a rail link would be necessary to alleviate this pressure. The Greater Manchester Passenger Transport Authority, which runs the county's public transport, applied to the Department of Transport in 1989 to build a rail link.

Building started in 1990 and the service will start operating in May, two months after the opening of the first phase of the airport's second terminal.

The rail link has cost £28m to build including rolling stock. Fifty-five per cent of the cost was met by British Rail and the remaining 45 per cent from the GMPTA.

The line is a double track rail link and not a metro. It will use mainly existing track although a new 3.64km spur has had to be built.

There will be four trains an hour to the airport, two of them shuttles from Manchester Piccadilly. The shuttles will stop at four stations between Manchester and the airport and take 22 minutes. They will leave at 10 minutes and 40 minutes past the hour during the day.

In between, will be two express trains. One line will originate at Scarborough and run through Leeds. It will stop at Manchester and then with-

out further stops will go on to the airport. The travel time from Manchester to the airport will be 17 minutes. Leeds will act as a hub for Humberston.

The other line will start in Blackpool and run through the conurbations of Preston, Blackburn and Burnley. Again, it will stop in Manchester and then with one further stop go on to the airport. There is already a fast train service from Merseyside into Manchester.

The whole of the north of England will therefore be covered, with a total catchment of 20m people. Apart from the four trains an hour during the day, there will be one an hour during the night.

Greater Manchester Passenger Transport Executive says it expects 10,000 people will travel on the service each day. The GMPTA was keen to build the rail link not only because of the airport but because it represents new business for the GMPTA.

The missing link in the rail network will be to the south. It will remain difficult to get to the airport from areas such as Crewe or Stoke without cumbersome changes in which passengers will have to handle their baggage.

The GMPTA says there is a plan to build a new spur which will tie the airport directly into a rail line running to Crewe. This spur would only need to be a quarter of a mile long and would mean that there would be a feeder from the main west coast line directly into the air-

port and journeys into Manchester could be avoided. However, the new spur is still at the planning stage.

As for roads, the main development to come is the completion of the motorway box around Manchester from Denton to Middleton. This is expected to be finished by 1995 and will mean that the conurbations to the east in West Yorkshire, most notably that of Leeds-Bradford, will be 20 minutes closer to the airport. This will put Leeds within 45 minutes travel time, or about the same as Merseyside.

Under consideration is the Greater Manchester West and Northern Relief Road. This would be a trunk route around the conurbation linking the M63, with the M56 and the M6. Also under consideration is the widening of these three motorways. This will ease existing

access to the airport. To the north there is also a proposal to extend the M58 to link up with the M61 near Wigan.

As with rail, the weak link in the road network would be to the south and south-west because of overcrowding on the M6, particularly in the peak summer months. South Yorkshire and the East Midlands also have access problems because of the lack of an all-weather dual carriageway between Sheffield and Manchester.

Pressure is mounting on the government to address both these problems - and not only because of access to the airport, although this is now a principal reason advanced by business lobby groups, including the Coalfield Communities Campaign in South Yorkshire, for improving the roads.

If there appears to be a demand for the 1990s, what are the prospects for the more distant future?

The airport itself is looking forward to 2005 when its proposed second runway will be operational.

A report by York Consulting for the airport and local councils has estimated that the airport itself will need a further 48 acres for on-site activities. There would be a need for 184 acres for aviation-related companies.

The study found that the take-up of land from both on-site activities and related aviation concerns was 104 acres.

Land supply, the study found among the councils of Stockport, Manchester, Trafford, Macclesfield, Vale Royal, Halton and Warrington, was 1,777 acres, or 11 years' supply.

These are crude figures. The airport impinges on some salubrious parts of Cheshire. There will be conservation considerations. The airport, which has prided itself on its accessibility, does not want so much building close to it that congestion turns passenger access into a problem.

However, should the demand for office space materialise there is clearly enough land around, further out, but near enough for most practicable industrial and commercial purposes.

Mr Alan Solomons, also of Lamhert Smith Hampton, makes the point that very little space either in Salford Quays or around the airport is of the B2 heavy industrial or B3 distribution or warehousing variety.

He says: "There are few projects of the B3-type because the airport built its own depot for handlers and distributors within its boundaries. This is a 15-acre site and there does not seem to be much demand for further space of this kind around the airport."

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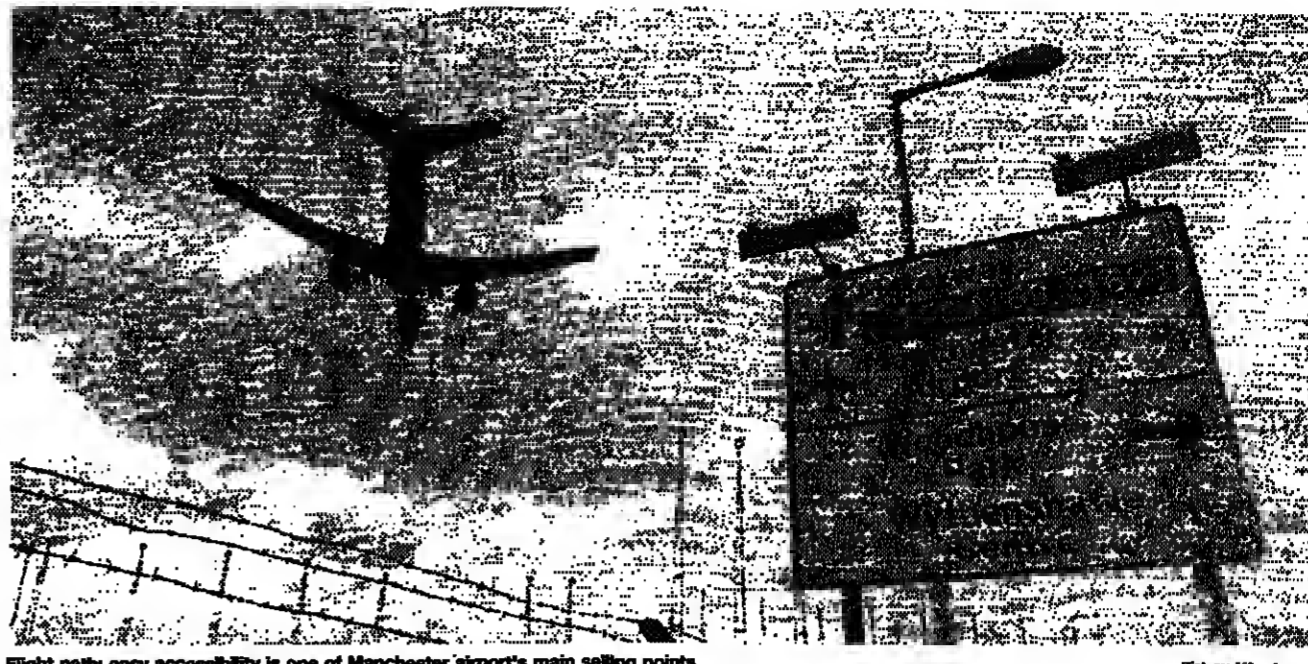
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Flight paths: easy accessibility is one of Manchester airport's main selling points

Picture: Mike Aron

## Getting to grips with income

ALTHOUGH there has been some study of the employment effect of having an international airport at Manchester, little work has been done on the income flows resulting from its presence. Virtually the only exercise undertaken was by the economic development unit of the Manchester City Council, but this was in 1988.

Mr Steve Carr, the principal economic development officer attached to the chief executive's office, was one of the authors of the study. He says: "It was a very simple and crude attempt to discover what the airport contributed to the region."

The paper divides income into five categories: procurement, remuneration, tourism and business travel, capital projects and induced investment and development.

Mr Carr says: "At a rough guess I would imagine you would have to double our figures for today. What is impossible to calculate is the amount of foreign investment that might flow in as Manchester becomes a top international airport. Much publicity has been given to the British Council moving to the city centre and Siemens going to a business park close to the airport, but these could be the tip of the iceberg."

However, apart from mentioning one or two individual investments such as the Siemens £15m regional headquarters in Didsbury, the study did not attempt to quantify the flow of inward investment. It says: "There is insufficient information available to attempt to quantify the proportion of regional income and employment that has been induced by the airport's role in the local economy."

Therefore, the total income effect of the airport was £250m. Other bits and pieces about income can be gleaned from different reports. For example, a paper by the Airports Association International Council which claims to represent 150 airports worldwide, says Manchester airport in 1991 contributed £200m (£35m) in tax to the UK government.

Mr Carr says: "The total wages bill for those employed at the airport was found to be in excess of £70m. Not all of this wages bill found its way into the Greater Manchester economy. Again, there was leakage outside the area. The study estimated that the losses accounted for around 10 per cent of the total wages bill. It put the remuneration effect at £33m."

■ Tourism and business travel: The estimated income gained by the Greater Manchester area from spending by overseas tourists travelling through the airport was put at £250m. It was possible, the study found, to calculate the total direct and indirect effects

of tourist spending in Greater Manchester at £72m.

■ Capital projects: The income effect of the major capital projects at the airport: the second terminal, the maintenance hangar and a reservations office was put at £61m.

■ Induced investment and development: The location of the airport is thought to have acted as a magnet for investment in the Greater Manchester area. Inward, the industrial promotion agency for the north-west identified the airport as one of the region's key attractions for investors and it became a main plank in its marketing strategy.

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Stewart Dalby investigates the potential for property expansion

## A site for developers' eyes

AIRPORTS act like honeypots for property developers. In Britain, the evidence at Heathrow and Gatwick airports suggests that it is not only aviation-related concerns which want to be close to them.

A corridor of computer companies has developed along the M4 motorway, which runs past Heathrow, in places such as Reading and Swindon. In Crawley, next to Gatwick, the old so-called metal-bashing companies have given way not only to caterers and other airport-related concerns but also high-technology companies.

The international dimension is important. It is significant that most of the large electronics companies which established themselves along the M4 had US parents. Executives flying in from the US wanted to be close to their factories and to London.

Because its airport has climbed into the first division of international hubs, Manchester has accordingly seen property developments springing up around it.

Mr Peter Skelton, of estate agents and developers Lamhert Smith Hampton, estimates that more than 500,000 sq ft of new B1 office/light industrial space has been built on business parks close to the airport in recent years.

These business premises include Kings Valley, a development financed by the Co-operative Bank, the Concord Business Park which has been developed by St Modwen, The Towers, a P&O project, and Greenconarts Business Park, which has been brought on stream by Marples Developments.

Much of this new business space is let. Clients at Greenconarts include Unilever's National Starch Division, Fisons pharmaceuticals and Microfloc. At The Towers are to be found British Olivetti, Honeywell, Asca Brown Boveri and Thorn EMI. Elsewhere there is Siemens, and on the Concord Park Mercury Communications and Ferranti.

If other office premises in South Manchester - including the Manchester Business Park which is a project Ringway Developments wants to develop - and properties in places such as Stockport are included, then there has been an availability of well over 1m sq ft of good quality B1-type space.

Much more space, however, is in the pipeline. The best known prospective development is Davenport Green. This would be a project of 1m sq ft of high quality B1-type offices built by Amec Developments. This would be on a site of 80 acres opposite the airport, close to the M56 in between junctions 5 and 6.

Mr Ken Knott, the director of Amec in charge of the project, says: "We have not received planning permission yet but assuming all goes well we would reckon to have the scheme in place by 1994."

The problem close to the airport is the green belt. Planning permission from Trafford Borough Council will neither be automatic nor uncontented. However, Mr Knott says the 80 acres is only part of a tranche of 340 acres owned by Amec. Land not used for buildings would be landscaped to try and enhance present environmental standards.

Mr Knott says he knows of another scheme involving a different developer which, again, would be of around 1m sq ft. It would differ from Davenport Green in that it would also involve a hotel. This scheme, which is at a tentative stage, would need approval by Manchester City Council.

Should the project go ahead the question arises whether the property market would not go into a surplus, and depress prices. Greater Manchester as a whole has become a smaller version of London. There is an overhang of new B1-type properties of the kind that Amec is proposing to build close to the airport.

Mr Skelton estimates that there is 1m sq ft of B1-type properties on the market in Greater Manchester itself. He says that much of this is older property which is not greatly in demand.

But to this total must be added the developments in Salford Quays. There, during the late 1980s, a number of properties were built in two enterprise zones to take advantage of tax concessions, just as in London's Docklands.

The projects include Exchange Quay, the Anchorage, Quay West and the Harbour. They total around 1m sq ft. Only about a third of this is let, in spite of incentives and low rents.

Can Greater Manchester absorb a further 2m sq ft of this type of property, and hold rents at commercial levels?

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AN irresistible force is about to collide with an immovable object. The growth of Manchester Airport may well seem market-driven and inexorable but two strong groups have now emerged to try and limit it.

Something will have to give, but what exactly it will be will be decided at ministerial level after a public inquiry, scheduled next year. Lobbying is already intensifying.

Theoretically, Manchester Airport can grow to handle up to 24m passengers a year by extending the new Terminal 2; it already has planning clearance for this. The reality is that it will have difficulty in developing beyond 18m passengers with only one runway.

This is because airports have early morning and evening rush hours like anywhere else, particularly for short-haul traffic. Business travellers want to get to mid-morning meetings throughout Europe without having to stay overnight and want to return that evening. Airlines serving scheduled and charter markets want their aircraft back again the same day.

Manchester's limit for air traffic movements is 42 an hour. On typical summer days, morning and evening peaks can reach into the 30s. Moreover, many involve relatively small aircraft because of Manchester's role as a hub for

Ian Hamilton Fazey examines growth plans for an expanding airport

## Something's got to give

feeder airports.

The airport wants a second runway to enable it to move up to 30m passengers a year; it can only get it by encroaching on the Cheshire green belt.

Many people living in east Cheshire have therefore formed the Knutsford and Macclesfield Joint Airport Action Group (Kamjag), to fight the proposals. They are agitating more noise, congestion and pressure in one of the most salubrious corners of Britain.

They also believe they have ecology on their side because several local sites of special scientific interest or biological importance might be affected by the expansion plans.

Their campaign will certainly be well-argued. The area is one of the northern equivalents of the Home Counties' stockbroker belt; the group is well-funded, rich in professional talent, skilful, articulate, well-organised, and well-connected. They also have a new ally in the shape of Liverpool Airport, Manchester's poor relation. It has a runway capable of taking almost any

aircraft. This, Liverpool claims, is north-west England's second runway.

Its problem is image and under-achievement. Bedevilled by local political wrangling and consequent funding problems for much of the past three decades, Liverpool airport struggled. Liverpool's finance and management are now on an even keel because British Aerospace bought its way in, to share ownership with the five Merseyside councils - Liverpool, Knowlsey, Wirral, Sefton and St Helens - but to a dominant role.

Mr Cliff Duke, the chairman, is also director of aviation services for BAA. He foresees an incremental expansion of Liverpool from 400,000 passengers a year now to 12m by 2005 if Manchester fails to get its second runway.

Merseyside's political leaders are not only with him, they have stalled agreement on airports strategy by the North West Regional Association of local authorities, the majority of which favour Manchester's expansion.

Politically, the Merseysiders say, the effect of forcing growth at Liverpool would be to spread the economic benefits - which it reckons at 1,000 permanent jobs per 1m passengers carried - where they are needed most.

Generally, the Merseyside economy so lags that of Greater Manchester its leaders have applied to be ranked with Corsica by the EC to qualify for special funds. Some of this would go towards the infrastructure that would be needed to improve connections between Liverpool Airport and the motorways and railways.

Mr Duke quotes Cheshire county council estimates suggesting 34,000 people live within Liverpool Airport's noise contour, compared with 143,000 for Manchester. Also, much of the Liverpool take-off zone is over water.

He foresees Liverpool and Manchester playing complementary roles, probably with Liverpool getting mainly chartered point-to-point traffic, while Manchester grows as a hub for scheduled services.

Liverpool claims travelling times would be identical for passengers coming from north or south once motorway links are in place, with only 15 minutes' extra driving from Yorkshire.

Kamjag's members have yet to decide their line, but Liverpool's arguments will probably appeal. Mr Jeff Gazzard, a former marketing manager in banking, is running the campaign almost full-time.

He says more than 70 per cent of Manchester traffic is outgoing holiday business. He does not believe expansion would alter the split of business and holiday traffic.

There are 64 scheduled destinations, of which 14 are international UK. It's not happened anywhere else in the world that a holiday airport has turned those percentages round. Manchester should reflect our regional commercial needs. It should not be the other way round - that we should head to the airports."

The Liverpool proposal, however, would force airlines to fly there. Mr Jack Flanagan, Man-

chester airport chairman, quotes 1991 research by the Healey Centre for Forecasting which revealed airlines as "highly resistant" to such suggestions. The Henley research reported the belief of some airlines that they might lose more than three-quarters of their Manchester business if they were required to transfer services.

"From a passenger perspective and for the economic good of the region as a whole, it would be better to develop a second runway at Manchester, rather than redevelop Liverpool as a major international airport," it said.

Mr Flanagan says the north-west economy is of a similar size to those of Greece, Denmark and Portugal, all of which can only support one international gateway airport each, a role filled already by Manchester. He thinks Liverpool's role could be complementary, but only if it bases its plans on local, rather than regional or wider needs.

"Merseyside benefits substantially from access to world markets via the Manchester gateway. However, only 10 per cent of Manchester airport's traffic originates in Merseyside, compared with 20 per cent from east of the Pennines. It is simply unrealistic to expect Liverpool - based on the extreme west coast - to take over Manchester's role as a gateway."

Mr Gil Thompson, Manchester's chief executive, says the figures speak for the working of market forces. "Leeds-Bradford is 750,000 passengers a year. We are 12.5m. I wish Birmingham well, but they are 3.5m passengers a year, Glasgow is 4.25m, Newcastle is 1m, East Midlands is 1m, Liverpool 400,000, Blackpool around 200,000. We don't have a monopoly, but you can see the way competition has worked."

"One in four of our passengers comes from Yorkshire, so when you talk of using Liverpool, can you imagine a Yorkshire person driving past Manchester to get to Liverpool? Even if they wanted to, you don't just go past a good airport."

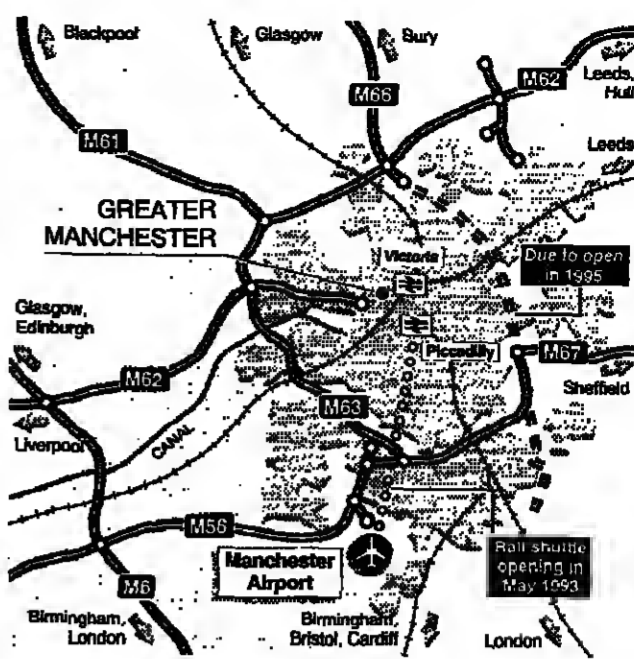
"You would have to spend £1.5bn to bring Liverpool up to our present standards. There is civic pride involved, and I understand that. We genuinely wish Liverpool well, but we see it growing as we grow."

"When we get our second runway - not if - there will be traffic which we cannot handle or do not want. That should go to Liverpool. North-south traffic on the west side of Britain can either go right or left where the M6 or M5 crosses the M6. We are happy to assist as a sort of co-terminus, trying to choose the traffic that will be best for both of us."

Meanwhile, Manchester continues to research possible sites for its second runway, hoping to find the one which will pose the least environmental threat.

Kamjag's latest recruit as vice-president, Mr Terry Waite, does not even live there, although he was born near the airport and has family in the area. But he will ensure publicity against an airport team described by Mr Gazzard as "very skilled propagandists".

Mr Waite succeeds Mr Neil Hamilton, the MP for Tatton - which includes Knutsford. Mr Hamilton is the Department of Trade and Industry minister responsible for north-west England. With the region's business lobby generally favouring the second runway, his position was beginning to look awkward, illustrating the delicate nature of what will be a very tough decision for the environment secretary of the day.



### KEY FACTS

|  |  |
|--|--|
| <b>Location:</b> Eight miles south of Manchester city centre   | <b>Hotels:</b> The Etrop Grange, Forte Crest, Four Seasons and Hilton hotels are all in close proximity  |
| <b>World ranking:</b> Ranked 18th largest airport in the world for international passengers  | <b>Terminal 2 (opening):</b> The first phase of the new £265m international terminal will be open operationally for charter flights on March 25. Scheduled flights will operate on March 28. The Queen officially opens Terminal 2 on March 5  |
| <b>UK ranking:</b> Third largest airport, after Heathrow and Gatwick   | <b>Terminal 2 (airlines):</b> Most long-haul schedule flights will depart from Terminal 2. These will include Air Canada, American Airlines, Cathay Pacific, Delta Air Lines, Emirates, Gulf Air, Pakistan International Airlines, Qantas, Singapore Airlines and South African Airways. In addition, Turkish Airlines, Air Malta, Air 2000, Britannia Airways, Cyprus Airways and Euro Cypria will operate from Terminal 2. All other leading airlines, including British Airways and all domestic flights, will continue to operate from Terminal 1. |
| <b>Passengers:</b> Handled 12,436m in 1992, an increase of 14 per cent on 1991   |  |
| <b>Freight:</b> More than 80,637 tonnes passed through the airport in 1992   |  |
| <b>Catchment area:</b> About 20m people live within a two-hour drive   |  |
| <b>Airlines:</b> 94 airlines and more than 200 tour operators serve 165 destinations worldwide   |  |
| <b>Terminal capacity:</b><br>Terminal 1 Domestic 2m<br>Terminal 1 International 10m<br>Terminal 2 (Phase 1) 6m<br>Terminal 2 (Phase 2) 6m  |  |
| <b>Airport operational area:</b><br>Existing area: 1,236 acres<br>Terminal 2: 263 acres<br>Total: 1,499 acres<br>Runway length: 10,000ft (3,048 metres)  |  |
| <b>Rail link:</b> The new £28m rail link will be officially opened on May 13, 1993, by the Princess Royal. Services will operate 24 hours a day and a projected 1.5m passengers will pass through the rail station in the first year |  |

Profile: GIL THOMPSON

## Marketing man reaches for the sky

MOST British airport chief executives used to have military or air traffic control backgrounds. When Gil Thompson left British Airways to take over Manchester Airport, he says he was the first marketing man in such a job.

That was 12 years ago. He was 51 and had been with BA for 31 years, ending up as northern manager. What he has done since has been acknowledged as an amazing feat of marketing management, with a tripling of passengers carried and Manchester's emergence as Europe's fastest-growing airport.

Mr Thompson got his market research into shape, then used the results to sell to the airlines. The crucial leap of management thinking was to regard the airlines and tour operators as the airport's primary customers, rather than passengers and freight forwarders.

The latter have not been neglected - far from it, he says - but the prima movers of growth are airlines. As events

have proved, passengers then come in a rush once there are aircraft available.

"Although we say it ourselves, no other airport is better at research than Manchester," Mr Thompson says. "We have worked hard to establish how many passengers in our catchment area travel to various overseas destinations through an intermediate point, such as Heathrow or another European airport."

"Armed with such information, we will go to an airline and say, 'Did you know there were 50,000 passengers a year flying between Manchester and your home base?'"

"We have then been able to prove from our experience here that if that airline were minded to fly direct, it would carry at least 50 per cent more. Chicago is a case in point: there were 40,000 when American Airlines started, then 60,000, then 80,000, then 90,000 and now it's 130,000 people."

Manchester regards its main catchment area as the 20m people within two hours' driving



Gil Thompson: amazing feat of marketing management

time, of whom more than half can get there in around an hour or less. Having to travel to Heathrow - or, worse, Gatwick - to catch a flight, does not impress northerners, because of the cost and inconvenience involved.

Indeed, many business travellers have long used Amsterdam, Copenhagen, Frankfurt and Zurich to change aircraft, rather than London, flying from Manchester or another northern airport offering a connection.

The breakthrough for Manchester in proving the strength of northern demand was Qantas's service to Australia in the mid-1980s. Market research showed at least 50,000 northerners travelling to Australia via other airports. Qantas decided to test the water. "They got 28,000 in the first year; now it's up to 75,000," Mr Thompson says. "They proved that the northern rewards the airline that flies to his doorstep. Our research shows that if airlines come in here, people will move their itineraries around to use the services."

Some opponents of Manchester's expansion point out that Qantas, and other long-haul carriers, do not fly full from Manchester, but have an early first hop - say to London, Amsterdam, or Frankfurt - to top up with passengers.

Manchester argues this matters little, because of the considerable improvement in convenience. Passengers do not disembark, thus avoiding the disruption of transit - such as changing airlines and terminals and having to allow enough extra time to make connections.

Transatlantic services, however, are on-stop and are saving tens of thousands of people from the extra cost and time of shuttling to Heathrow or elsewhere to catch planes to New

York, Chicago or Atlanta. From next month, British Airways will add Los Angeles to its north American routes from Manchester.

Moreover, competition is stimulating these long-haul direct markets even further. Mr Thompson says: "When American Airlines started a daily service to New York - as BA already offered - BA was afraid it would halve the cake."

"What has it done? It has doubled the traffic. Instead of 100,000 passengers a year to New York from Manchester, there are now 200,000."

"Our research has shown that direct, particularly non-stop services, multiply the traffic. We are not in the business of putting airlines on the margin by trying to cut the cake into too many small slices. They know now we have proved it."

Many northerners are grateful to foreign airlines for taking up Manchester's offers of facilities, for BA inevitably also has an interest in flying passengers through Heathrow, using its Manchester shuttle, to fill its jumbos there. This can conflict with opting for a new Manchester service.

"It hasn't always suited BA's purpose to come to us," Mr Thompson admits. "That's understandable. When you have a hub the size of London - and BA has over 50 per cent of the traffic there - they would want to feed traffic to their 747s at Heathrow."

"We are as patriotic as anyone. Whenever we have established what we think will be a viable route, we have always shared our figures with the national carrier first of all. Only when they have been unable or unwilling, have we gone overseas."

His background with BA and in marketing has proved invaluable. "What I found soon after I started here was that the airlines like to talk to their own people. I knew the language and that proved a great asset. I also talked to them as a customer trying to serve their customers, not as a landlord."

He has also promised incoming carriers to widen Manchester's catchment area by providing more feeder services from around the UK. "Six years ago we started to attract passengers from all over the UK. We have developed Manchester as a major hub now. There are now more domestic passengers feeding Manchester as a hub than any other airport in the country, including London," Mr Thompson says.

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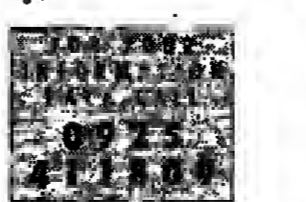
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## EUROPEAN AIRPORTS: MANCHESTER 6

Stewart Dalby discovers the advantages of using Manchester

## Airlines get a flying start

THE international scheduled airlines which use Manchester airport say the principal attraction is the population of about 20m people within two hours' travelling time of the airport, many of whom are business travellers.

American Airlines, which claims to be the world's biggest airline with 86m passengers carried in 1992, was the first US carrier to fly direct into Manchester in 1986 and is very happy to be there.

It had been flying to Gatwick for four years. Route viability studies showed there was a large potential market in the north of England.

Mr Iain Burns, spokesman for American Airlines, says: "We realised there was a huge untapped market of business travellers in the north of England. There was, and still is, a pronounced feeling among businessmen in the north that they should not have to travel to the US by way of London."

American has one return flight a day to New York and one a day to Chicago. It will be gaining some extra flights in the summer.

Mr Burns adds: "The good communications around the airport are important. One in

four of our travellers come from Yorkshire to the east of Manchester. The road network is good but business should grow further once the rail link starts."

American now flies to five destinations within the UK but Manchester to Chicago is one of its most profitable routes. Mr Burns says: "The attraction of Chicago for the business traveller is that it is an important hub. New York is essentially a point-to-point airport. From Chicago it is possible to fly to 114 other destinations. Only 30 per cent of our passengers finish their journeys in Chicago. The other 70 per cent fly on somewhere else."

Delta Airlines, the world's third largest, is also happy with Manchester, but for a different reason. It has managed to tap the UK leisure market. Delta applied for and won a licence to fly into Manchester in June 1991. It flies daily to Atlanta.

Ms Jennifer Smith, spokeswoman for Delta, says: "We were examining possible routes into the UK. Research was carried out in London and Manchester. We knew that American had done very well out of their Chicago flight and

decided to apply for a licence." Unlike American, however, Delta's passengers are not predominantly business travellers. Ms Smith says: "About 75 per cent of our traffic is leisure and only 25 per cent business. Atlanta is a main hub. We estimate that 44 per cent of passengers on the Manchester flight fly on to Florida."

Delta is pleased with the Manchester operation. Ms Smith says: "I have to say we have done very well with this flight. It is very profitable. We carried 136,000 passengers last year which means pretty full payloads. It did not start quietly, then limp along and finally pick up. We have done well from day one."

At Cathay Pacific there is another perspective. It has three flights a week to Hong Kong. The key is, again, the catchment area.

Mr John Paterson, manager, Britain and Ireland, says: "There is a huge business catchment in the north of England. Many do not want the aggravation of flying down to Heathrow and then on to Hong Kong."

He explains that the connections between Manchester and Gatwick are not good and says:

"The problem of going via Heathrow is that you have to change terminals and flights. From Manchester you can fly direct, with one stop in Frankfurt."

This means the minimum of disruption for travellers but also enables Cathay to top up with passengers in Frankfurt. The full payloads mean the flights are profitable. Cathay is stepping up its service to five flights a week in July. It is hoping to run daily flights when it is allowed. Mr Paterson says: "Regular frequency is vital to gain business traffic. Once the businessman knows there is a daily flight he becomes seriously interested."

Aer Lingus says Manchester is a vital destination for its short-haul operations. The Irish airline flies to a number of UK airports including Heathrow, Gatwick, Cardiff, Bristol and Birmingham.

The company believes Manchester is important because it is at the centre of a large population.

Mr Tony White, spokesman for Aer Lingus, says: "There is a large concentration of business travellers in the north of England. There is also a large concentration of Irish people



Flight line: Manchester is the 18th largest airport in the world for international passengers

Picture: Mike Aron

and Irish related people in the north-west who want to travel to Ireland. Aer Lingus runs eight flights a day from Dublin to Manchester.

He adds that Manchester is a good pick-up point for daily flights from Dublin to Copenhagen and Zurich, the two European destinations to

which Aer Lingus flies.

BA Regional was set up last year to service flights from Birmingham, Manchester and Glasgow. It serves, or will serve, after March, 18 international destinations as well as the full range of domestic routes.

Mr Douglas Jackson, a

spokesman for BA Regional, says: "Manchester is a significant airport simply because there is the population to support it. There are more people within 20 minutes of the airport than there are from any other city with the possible exception of London."

One offbeat service handled

by BA Regional is a twice weekly run to Islamabad. This starts life at Gatwick but picks up most of its passengers at Manchester. It draws on the large Asian communities in the north of England.

Mr Jackson says: "These flights are usually full and very profitable."

## Stewart Dalby examines the economic impact

## Ripples may spread far and wide

LIKE seaports and railway termini before them, airports, as they develop, can have a dramatic economic impact on the surrounding hinterlands. Manchester is forecasting tens of thousands of jobs to be generated by its growth.

How realistic is this? For example, Ireland's Shannon airport is often quoted as a case of a small regional airport which drove and led economic development.

The Airports Association Council International, which is a worldwide association representing 150 airports, undertook a study in November 1992 which looked at the economic impact of airports.

It quotes the case of Charles de Gaulle airport in Paris. The authority there employed 2,643 people in 1991 while 377 other enterprises on site including airlines, public services, commercial operations and others employed 34,184 people.

In that year, these nearly 400

enterprises paid gross salaries of FF9bn (\$1.67bn), spent FF7.1bn on goods, services, energy etc, made capital investments of FF2bn and paid local taxes of FF200m.

Manchester airport is the third largest in Britain after Heathrow and Gatwick. The airport has grown from 3m passengers a decade ago to 12.4m passengers in 1992.

Mr Geoff Muirhead, the director of business development, says the reason for the growth has been, essentially, the huge rise in air travel, domestic and international, in the past decade plus the fact that Manchester has had a large catchment, around 20m people, to take advantage of the growth. But, he adds: "I have to say we have been very good at going out and getting the business."

With the first phase of the £570m second terminal opening this month and plans for a second runway in four years, the

airport could be handling 30m passengers by 2005 and 247,000 tonnes of freight, compared with 80,000 tonnes in 1990.

Such expansion would have significant impact on the wider economy not just of Manchester, but of the whole of northern England.

The main study undertaken so far on the economic impact of Manchester airports growth is called Towards An Economic Strategy for The Manchester Airport Area. It was prepared in May 1992 by York Consulting on behalf of a joint study group comprising representatives from Manchester, Stockport, Trafford, Cheshire, Macclesfield councils and the Manchester Airport Authority. The York report, as it is

known, concerned itself with land availability and need and the employment aspects of the airport's presence.

The report found between 15,000 and 25,000 jobs in the sub-region are the result of the airport's presence. There were 23,000 directly employed at the airport.

The report says: "The total number of jobs is, therefore, some 38,000 to 48,000 or 3.5 per cent of employment in Greater Manchester and Cheshire."

The document estimates if the airport grows as predicted, then 60,000 new jobs could be created by 2005. Around half would be aviation-related.

The document says the importance of these jobs "cannot be overstated. The local

and regional economy is under-represented in service industries though potentially strong in manufacturing."

Since the report was published the airport has extrapolated some figures of its own and broken down the jobs into particular categories.

Ms Louise Congdon, general manager, market strategy, says: "Our figures are very tentative. KMPG Peat Marwick is engaged in an exercise for us at the moment to take the report further and examine the economic impact of our expansion."

However, Ms Congdon's figures estimate that by 2005 there could be between 78,000 and 104,000 jobs in the sub-region because of the airport.

About half of these would be aviation related. The sub-region is Greater Manchester and parts of Cheshire as far as Macclesfield to the south and Warrington to the west.

The figures are divided into five categories. Four are aviation-related. The fifth is the "catalyst effect". This refers to companies being drawn to new business parks because they are international concerns and need an airport for frequently travelling executives, or they export high-value, low-volume products.

The four aviation-related categories are: on-site, off-site direct, off-site indirect, and off-site induced. Off-site direct refers to local services, such as newsagents and bakers. Off-

site indirect means hotels and tour operators. Off-site induced means new enterprises such as restaurants and sandwich bars. All told there could be between 33,000 and 64,000 jobs in these categories compared with 23,000 today.

The catalyst effect is the hardest to gauge, and could be where the greatest growth will lie. Ms Congdon's projections estimate 25,000 to 40,000 jobs in this category.

What is certain is there are a number of international concerns wanting to be near an airport. Mr Steve Carr, the principal economic development officer of Manchester City Council, cites the case of Siemens, which set up a regional headquarters at Didsbury, two miles from the airport, and now employs 1,000.

Mr Carr says: "The main consideration for Siemens was the proximity of an international airport. Executives are always flying off to Frankfurt."

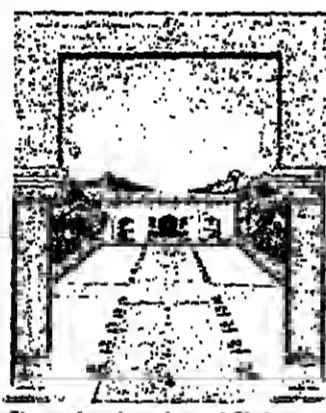
Quantifying this demand, however, is difficult. Mr Carr says the Manchester City Council has never attempted to estimate the amount of investment that could flow from the airport's growth. But, he says: "Manchester has always been under-represented with Japanese high-technology concerns. We are also looking to draw in European agencies."

Nor need investment necessarily be confined to the sub-region around the airport: the Channel Tunnel has led local authorities not only in Kent - where the tunnel will emerge - but also as far away as Essex, Southampton, East and West Sussex, to look at their plans for business accommodation.

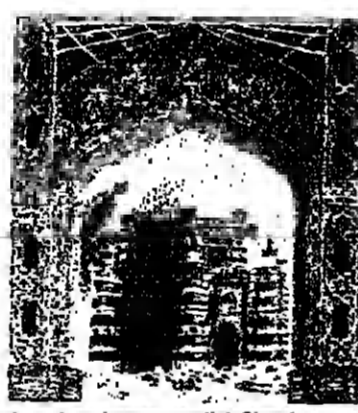
Similarly, councils in Merseyside, Cheshire, Lancashire and even North Wales are examining the potential to attract investors because of the airport. The ripples from the airport's growth could spread widely.



A door, framed. In this case the Alangiri Gate.



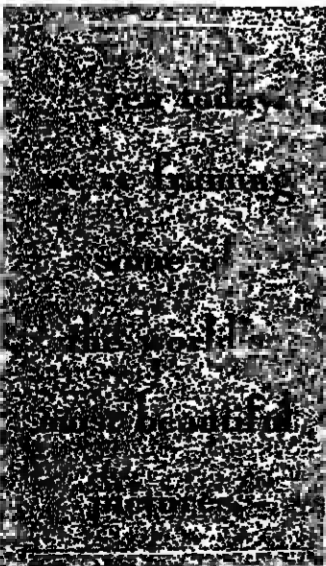
The forecourt garden of Shalimar.



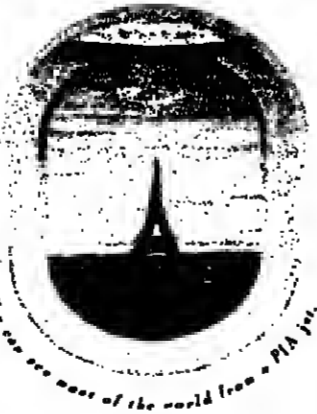
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## INTERNATIONAL COMPANIES AND FINANCE

## DSM's profits halved to Fl 224m

By Ronald van de Krol  
in Amsterdam

DSM, the Dutch chemicals group, is to halve its 1992 dividend after suffering a 57 per cent fall in net profit last year.

The company cautioned that results in the first half of 1993 would be lower than in the same period of last year. But it said it could make no prediction for the whole year.

In 1992, net profit plummeted to Fl 224m (\$121m), from Fl 518m a year earlier. Operating profit dropped by 55 per cent to Fl 382m. The dividend is to be cut to Fl 4 from Fl 8 - the first reduction since the company was floated by the Dutch state on the

Amsterdam stock exchange in 1989.

Turnover was down 5 per cent at Fl 8.9bn.

Higher-volume sales and the positive effect of acquisitions were more than outweighed by an average 9 per cent decline in sale prices and by adverse currency movements.

DSM's biggest business, hydrocarbons and polymers, reversed into a operating loss of Fl 53m last year, from a profit of Fl 68m in 1991.

The company blamed the downturn on worldwide overcapacity as well as increasing competition in Europe from producers in the US and eastern Europe.

DSM was hampered by the

rise of the guilder after the devaluation of a number of European currencies.

Cheaper east European imports undermined DSM's performance in base chemicals, especially in caprolactam, a feedstock for nylon and other fibres.

Overall, the base and fine chemicals sector saw a 70 per cent decline in profit to Fl 80m.

In resins and plastic products, sale prices were hit by reduced activity in the automotive and construction industries. Operating profit in the sector fell by more than one third to Fl 71m from Fl 111m.

Mr Hans van Lierst, DSM's chairman, said that, although DSM had benefited from stable

energy prices in 1992, all other factors, such as supply and demand for chemical products and currency movements, had worked against the company last year.

The company would continue to work on its strategy of reducing its high sensitivity to the business cycle, partly by readjusting its product portfolio, he said.

Mr Simon de Bree, a board member who is due to succeed Mr van Lierst on June 30, cited fine chemicals such as aspartame, the artificial sweetener, as a promising field with low cyclicality.

"In 1992, both margins and volumes for these activities were unaffected by the economic cycle," he said.

## Heineken boosted by higher beer prices

By Ronald van de Krol

HEINEKEN, the Dutch brewery group, yesterday reported a 12.9 per cent rise in net profit before extraordinary items in 1992, reflecting higher beer prices, increased sales by volume and improved margins.

Net profit before extraordinary items rose to Fl 463m (\$250m) from Fl 410m the year before. In addition, Heineken realised a Fl 101m extraordinary gain on the sale of land in Singapore, after posting a Fl 33m extraordinary gain the year before as part of the same property transaction.

The company said volume sales were clearly higher but it declined to give specific figures ahead of the publication of its annual report on April 7. However, the rise was due mainly to the Netherlands, Greece, Italy and to export operations, which cover 105 countries, the company said.

Heineken sells beer in 150 countries and is present in 45 with local production facilities, either directly-owned or under licence.

Turnover was up 2.9 per cent at Fl 8.9bn but was held back by the decline in the lira and the peseta. Heineken has expanded heavily in the traditional wine-drinking countries of southern Europe in recent years.

Higher restructuring costs in Spain, where Heineken brews the Aguilera brand, meant that group operating profits rose to Fl 332m from Fl 320m. However, Heineken benefited from a "considerable" but unspecified decline in interest costs last year.

The company's dividend is to be held at Fl 3.50.

Heineken said it also achieved an improvement in profit margins, thanks to a shift in favour of its international premium brands such as Heineken and Amstel, where profits are higher, and away from more local brands.

This is an important development for Heineken because the overall European and US beer markets stagnated in 1992.

## Axel Springer gives up plans for alliance in Italy

By Haig Simonian in Milan

AXEL SPRINGER Verlag, the German media group, and Poligrafici Editoriale, the listed Italian newspaper concern controlled by the members of the Monti family, have wound up their four-year attempt to create a closer alliance.

Springer has sold the 10 per cent stake it took in Poligrafici Editoriale in June 1989, when the Italian company spent Li80bn (\$107m) to buy a similar sized stake in its German counterpart. Separately, Poligrafici said it had sold its 10 per cent stake in Springer for DM220m (\$132.5m).

However, plans for closer co-operation, including an Italian language equivalent of Springer's best-selling Bild Zeitung, never materialised.

Last year, Springer said it wanted to sell its Italian stake, but the transaction has only taken place this week.

The 10 per cent holding, worth Li1.4bn, has been

bought by Mediobanca, the Milan-based merchant bank, at a price of Li4,650 a share. That is appreciably below the Li5,500 at which Poligrafici shares were fixed on Tuesday, when the deal took place.

The price represents a substantial loss, particularly in D-Mark terms, for Springer, which bought its stake for about Li70.8bn. According to Springer, the sale followed its decision to concentrate on its traditional key markets.

However, relations between the two companies have steadily deteriorated, with the Italians complaining of insufficient involvement in decision making at the German group.

Last summer, Springer asked for the return of its shares held by the Italians.

Brokers believe the Poligrafici shares bought by Mediobanca are unlikely to be a long-term investment.

However, there remains considerable uncertainty as to where they may end up.

● Banco Di Napoli, the large Italian bank which floated 20 per cent of its ordinary shares in late 1991, has taken majority control of Isveimer, the Naples-based public sector lending institution.

The acquisition, for a price which has not been revealed, marks a further step in the gradual rationalisation of the Italian banking system and erosion of divisions between different types of financial institutions.

Banco di Napoli owned over 45 per cent of Isveimer. The acquisition of a further 6.1 per cent, lifting Banco di Napoli's stake to just over 51 per cent, had taken place last year. This was formalised this week.

Isveimer, which is likely to keep its independence in the short term, administers about Li25,000bn (\$16.8bn) in loans. Its other main shareholder is Agensud, a state-owned body being closed down, whose stake in Isveimer will be transferred to the Treasury.

## Go Voyages may cancel takeover deal

By Alice Rawsthorn

GO VOYAGES, one of the largest French bucket shop travel companies, is threatening to pull out of its long-running negotiations for a takeover by Air France, the state-controlled airline.

Air France has for the past year been in discussions to buy Go Voyages, a subsidiary of Garantie Mutuelle des Fonctionnaires, the French insurance group. GMF is keen to withdraw from the travel sector and a year ago signed a provisional agreement to sell Go Voyages to SOTAIR, the airline's travel arm.

Mr Serge Fabre, chief executive of Go Voyages, said yesterday it would look for other investors if Air France did not clinch the deal within a month. Air France refused to comment. Earlier this year it announced plans for an expansion of its travel activities by merging SOTAIR with the tour businesses owned by Havas, the French media and travel group, and TUI, the German holiday company.

Go Voyages has just emerged from a period in which it sustained heavy losses. Mr Fabre yesterday said it had returned to the black in its last financial year to October 31 when turnover rose to FF378m from FF366m in the previous year.

## Alcatel poised for Telecom stake

By Alice Rawsthorn in Paris

ALCATEL-ALSTHOM, the French telecommunications equipment group, would be interested in investing in France Telecom, the state-controlled telecommunications company, if it is privatised.

Mr Pierre Suard, chairman of Alcatel, yesterday said that, although such an investment was "out of the question" at present, his company would "consider it very seriously" should France Telecom move into the public sector.

France's conservative coalition, the firm favourite to oust the ruling Socialists in the parliamentary elections at the end of this month, is committed to a comprehensive privatisation programme.

Alcatel is the world's largest supplier of telecommunications equipment. Mr Suard said there would be an industrial logic for the group to diversify into telecommunications operations. "It's an Anglo-Saxon logic," he said.

"AT&T [the large US telecommunications group] was built on such a base, but until now European companies have adopted a different approach."

Mr Suard confirmed that Alcatel's net profits had bucked the gloomy trend in French industry by rising 12 per cent to FF6.82bn (\$1.24bn) last year, from FF6.18bn in 1991. The final figures for 1992 will be published early next month.

Alcatel has already confirmed that its sales rose by 1

per cent, from FF180.08bn in 1991 to FF181.65bn in 1992. This reflects a static performance for its core communication systems business, but growth in other areas of activity, notably services and transport.

The group received orders worth FF198bn in 1992, only slightly higher than the FF185.3bn of the previous year.

Alcatel last month announced that its Spanish and Norwegian subsidiaries had won \$400m of communications equipment contracts in China. However, on Wednesday, the order was frozen by the Chinese authorities as part of their protest against the recent sale of French jet fighters to Taiwan.

## Ares-Sorono rises 51% to \$108m

By Paul Abrahams in London

ARES-SORONO, the Geneva-based drugs and diagnostics group, reported net income up 51 per cent to \$107.8m for the year to December 31 from \$71.2m.

The results, which included a \$27m gain from the disposal of its over the counter division, was achieved on sales up 16.7 per cent to \$854m from \$732m. Excluding favourable currency, underlying sales growth was 15 per cent.

Mr Fabio Bertarelli, chief executive, said the group had achieved strong growth in spite of the turmoil of the European monetary system and pressure on government reimbursement schemes.

Turnover of the ethical drugs division increased 20.4 per cent to \$752m from \$625m. The group said each of its main therapeutic areas - infertility, immunology and paediatric endocrinology - increased sales by more than 20 per cent over the year.

Sales of the diagnostics division fell 4.6 per cent to \$101m from \$106m.

The company said that if the clinical chemistry sales were discontinued, then diagnostic sales increased 5 per cent. Group capital spending increased to \$92.8m from \$86.7m.

Earnings per share for continuing operations increased to \$2.38 from \$1.86. The board recommended a dividend of \$Fr6.00 per bearer share and \$Fr2.40 per registered share.

## New company seals Daf trucks rescue

By Kevin Dona,  
Motor Industry Correspondent

THE rescue of the Daf medium and heavy truck operations in the Netherlands and Belgium has been sealed with the official incorporation of the recapitalised successor company, Daf Trucks.

The new company has a workforce of around 3,500, with 2,750 at Eindhoven in the Netherlands, a few in sales and service elsewhere in Europe, and 750 at Daf Trucks Flanders in Westerlo, Belgium.

When Daf collapsed into receivership last month it had a workforce of 12,650 including 5,500 in the UK, 5,000 in the Netherlands and 1,500 in Belgium.

Part of the top management is unchanged. Mr Cor Baan, chairman of the management board of the failed Daf group, has been appointed president of Daf Trucks, while Mr Rico Dietz, Daf director of product development is to be Daf

Trucks' operations director with responsibility for product development and production.

Directors for finance and sales and marketing are to be appointed "as soon as possible", while the supervisory board is expected to be formed within two weeks.

Daf Trucks said sales and service subsidiaries would be established in several of the main west European markets with independent importers appointed elsewhere.

The product range of the new company will be concentrated in the medium and heavy duty sectors with the 65/75/85 series and the 95 series for long distance haulage.

Daf Trucks said the possible inclusion of the UK-built Leyland Daf 45 light truck in its range was "under discussion". Such a deal with Daf Trucks is vital for the survival of the Leyland Daf truck assembly plant at Leyland in the north of England where a management buy-out is being planned.

## Quarter of Argentaria to go on sale

By Richard Waters

ARGENTARIA, the state-owned Spanish banking corporation, has outlined plans for an international share sale through which up to a quarter of the group will be sold.

In a similar move, Repsol, the Spanish energy group, intends raising nearly \$1bn by early next month.

Argentaria said yesterday its shares would be offered to retail investors in Spain and to institutional investors through five geographical tranches.

Morgan Stanley will co-ordinate the international sale. The Spanish tranche will be spread between Argentaria, Banco Bilbao Vizcaya, Banco Central Hispano and Banco Santander de Negocios.

UK tranches will be led by SG Warburg Securities and BSN, for Continental Europe by Union Bank of Switzerland, and for the rest of the world by Merrill Lynch.

NEW ISSUE

This announcement appears as a matter of record only.

FEBRUARY, 1993

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Paribas Capital Markets

Swiss Bank Corporation

Wood Gundy Inc.

## Poseidon Gold Limited

ACN 007 811 005

Report on Activities for the Quarter and  
Half Year ended 31 December 1992

Poseidon Gold Limited ('PosGold') manages both direct interests in gold mining operations and indirect interests in three of Australia's largest gold mines through its major shareholdings in Gold Mines of Kalgoorlie Limited ('GML'), Mt Leyshon Gold Mines Limited ('MLGM') and North Flinders Mines Limited ('NFM').

## Significant Events for the Half Year

- Unaudited consolidated operating profit, after tax and outside equity interests, of US\$25.1 million
- Average price of US\$409 per ounce realised on Group gold sales
- Group production of 598,872 ounces
- Record equity share of production of 373,346 ounces
- Average equity share of mine operating costs of US\$188 per ounce
- Average Group mine operating costs of US\$202 per ounce
- Resource estimate for KCGM Super Pit (GML 50%) increased to 194 million tonnes @ 2.5 g/t gold
- NFM estimated resource increased to 1.7 million ounces of gold

| Production               | December Quarter 1992 |                  |                   | December Half Year 1992 |                   |
|--------------------------|-----------------------|------------------|-------------------|-------------------------|-------------------|
|                          | PosGold Interest (%)  | Group Share (oz) | Equity Share (oz) | Group Share (oz)        | Equity Share (oz) |
| PosGold Direct Interests | 100                   | 108,146          | 108,146           | 202,124                 | 202,124           |
| NFM                      | 49.98                 | 48,335           | 24,158            | 85,805                  | 42,885            |
| MLGM                     | 75.6                  | 51,786           | 39,150            | 106,858                 | 80,785            |
| GML                      | 23.3                  | 104,250          | 24,287            | 204,085                 | 47,552            |
| <b>TOTAL</b>             |                       | <b>312,517</b>   | <b>195,741</b>    | <b>598,872</b>          | <b>373,346</b>    |

Notes: Amounts quoted in US dollars are Australian dollars converted at the rate of A\$1.00 = US\$0.70

Reports for the Quarter and Half Year can be obtained by writing to:  
The Company Secretary, Poseidon Gold Limited, 190 Hull Street, Adelaide, SOUTH AUSTRALIA 5005  
Telephone: +618 303 1700 Facsimile: +618 232 0198

## Lower prices push SSAB to SKr165m pre-tax loss

By Christopher Brown-Humes in Stockholm

SSAB, the Swedish steel group which was privatised last year, slumped to a SKr165m (21m) pre-tax loss in 1992 after a sharp drop in domestic demand and intense competition in the west European market.

The steep fall in prices towards the end of the year meant the deficit was deeper than the group had expected last October.

However, it suggested enhanced competitiveness, following the devaluation of the krona, and a promised round of price rises in Europe would provide the foundation for a

return to profit in 1993. The 1992 result contrasts with a SKr218m profit in 1991 and follows a drop in operating revenue to SKr11.87bn from SKr13.78bn. The loss per share was SKr2.90 and the dividend was cut by SKr1 to SKr5 per share.

Cash flow was a negative SKr124m. Lower demand and higher imports from eastern Europe combined to put pressure on prices in the European market while the threat of punitive import duties curtailed exports to the US.

In Sweden, recession meant trading and processing revenues in the group's home market fell 20 per cent. SSAB said

the trend of steel prices in western Europe would be the key influence on its result this year.

Although the year had started badly, with prices down 10 per cent on their 1992 average, the group noted that many European producers were planning to raise prices from the second quarter.

The group also believes it will benefit from its efforts to align capacity with domestic demand and from improved margins following the depreciation of the krona.

It also expects lower energy taxes and reduced employer's social security contributions to have a favourable impact.

## Aker ahead sharply on gain from disposal

By Karen Fossell in Oslo

AKER, the Norwegian cement, oil and gas technology group, yesterday unveiled a sharp rise in 1992 pre-tax profits to Nkr382m (\$54m) from Nkr92m in 1991, lifted by a Nkr680m gain from the disposal of its stake in Valencia de Cementos Portland of Spain.

The board proposed to leave the dividend unchanged at Nkr2.80 a share. Aker's A shares shot up 12 per cent to close at Nkr37.50.

Mr Tom Rind, chief executive, forecast an improvement in 1993 by the group's two main divisions, helped by greater efficiency and cost reductions.

Group turnover rose by Nkr3.7bn to Nkr17.8bn, but operating profit was more than halved to Nkr72m from Nkr152m. Net profit last year more than doubled to Nkr390m from Nkr170m, with earnings per share climbing to Nkr8 from Nkr3.50.

Aker's cement and building materials division saw turnover unchanged at Nkr5.84bn, in spite of difficult domestic and international markets. Its operating profit rose to Nkr351m last year from Nkr322m, helped by consolidation and cost-cutting measures.

Reduced financial expenses following the sale of Valencia also contributed to the advance. The division last year bounced back to a pre-tax profit of Nkr18m from a loss of Nkr79m a year earlier.

The oil and gas technology division improved turnover in 1992 by Nkr3.33bn to Nkr10.88bn. It saw operating losses widen to Nkr248m in 1992 from Nkr156m in 1991 due to a Nkr419m loss incurred by Norwegian Contractors, an Aker unit.

## BCE sells 4.5% stake in TCPL

By Robert Gibbons in Montreal

BCE has sold its remaining 4.5 per cent interest in Trans-Canada Pipelines, the national natural gas pipeline operator, for C\$18 a share or nearly C\$150m (US\$120m).

The stock was acquired by investment dealer BBN James Capel and Gordon, and distributed immediately to institutions and the general public.

TCPL, which has a heavy expansion programme to meet rising gas demand in Canada and the US, is expected to buy Pacific Gas Transmission, a San Francisco pipeline company. This would make it North America's third biggest gas transmission group with 40 per cent of its assets in the US.

BCE, Canada's biggest telecoms group, bought almost 49 per cent of the TCPL in the 1980s. It sold half the holding in 1990 as it returned to its core telecom businesses.

## Outokumpu in the red for third year running

By Christopher Brown-Humes

OUTOKUMPU, the Finnish mining and metals group, narrowed its 1992 loss before extraordinary items to FM360m (\$61m) from FM768m a year earlier, despite weak demand and prices for most of its main products.

Sales rose 20 per cent to FM15.1bn, helped by the weaker market, acquisitions and increased stainless steel deliveries. Operating income was FM604m, up from FM3m.

A FM356m gain from the sale of holdings in mineral deposits and mining ventures was a positive influence on the result, as were rising raw material prices which produced inventory gains of FM77m.

However, rationalisation write-offs of FM350m and FM304m in exchange losses depressed the performance.

Rationalisation was concentrated on the copper products and technology divisions, both

of which posted heavy losses. The deficit in copper products deepened to FM614m from FM497m, while losses in technology grew to FM318m from FM212m.

The group's stainless steel unit benefited from a strong growth in sales, despite weak industry conditions, and it increased its profit to FM349m from FM201m.

The base metals unit reversed last year's FM120m loss to produce a FM404m profit, helped by the consolidation of the OM Group.

The group said its third consecutive year in the red meant there would again be no dividend. However, it expects a "clear improvement in profitability" in 1993, thanks to its stronger competitive position and an anticipated upturn in its markets.

It said it would continue to rationalise and was ready to divest non-core businesses as part of a strategy of strengthening its balance sheet.

## Sparks flying over Turkish utility

By John Murray Brown in Ankara

ILLUSTRATING how an outsider can shatter the cosy habits of Turkey's business establishment, Rumeli Holding is watching the dust settle after its bid to buy the proxy voting rights of shareholders in Cukurova Elektrik, the country's best known public company.

On Tuesday, Turkey's newest and brashest family-owned industrial group, an 11 per cent minority holder of Cukurova, took the market by surprise. It solicited shareholders' proxies in return for a cash offer equivalent to 20 per cent of par value of any holding - in effect an offer for the company.

In a full page newspaper advertisement, Rumeli gave no

details of how it proposed to exercise its voting rights at the board meeting on March 30. However, if successful, it could presage a full boardroom takeover of the power utility.

Capital Markets Board, the government's watchdog agency, under pressure to force Rumeli to declare its bid, said it was considering legislation to prevent the use of similar tactics. However, this did not stop further advertisements. The stock exchange has offered muted disapproval, while the target company has condemned the ploy as "immoral and unethical".

It is probably more likely the legislation is not yet in place to prevent such a share assault. Rumeli Holding is owned by the Uzan family, and started Turkey's first private TV sta-

tion. But the assault on Cukurova, and earlier acquisitions of two government cement companies and Polly Peck's media business purchased from the UK administrators, has revealed a corporate appetite hitherto undetected.

Last month, Rumeli paid \$81m for the government's stake in Cukurova, defeating the attempt by Sabanci, Turkey's largest conglomerate. Sabanci, through Akbank, its Istanbul bank, owns an estimated 5 per cent of Cukurova, and is said to be mustering support from other minority shareholders to see off the Uzan threat.

Cukurova, which has a market capitalisation of around \$440m, is described by brokers as one of the few "truly public" companies in Turkey. How-

ever, with 70 per cent of its shares floating, it is also uniquely vulnerable to takeover threats.

Fearful of just such a boardroom raid, few of the 140 companies which trade on the Istanbul bourse have chosen to float more than 15 per cent of their shares, the legal minimum needed to become a public company. New issues of family-held stock are now likely to dry up.

Rumeli paid more than twice the price set by the privatisation agency. However, brokers suspect Rumeli is eyeing Cukurova's asset book which is "massively undervalued" due to legal restrictions which prevent government owned companies from realising assets in line with inflation, a common practice in Turkey.

Anglo American Industrial Corporation Limited

# AMIC

**Abridged Statement by the Chairman Mr Leslie Boyd, results and notice of ordinary dividend for the year ended December 31 1992**

### Developments and acquisitions

The decision to proceed with the Columbus project is significant for the Amic Group and for South Africa. The introduction of the Industrial Development Corporation as an equal one third equity partner will help to spread the financial burden of this R3.5 billion project. The new plant is expected to come on stream in 1996 and will increase stainless steel capacity from 125 000 to 500 000 tons per annum. The Group interest will be retained and financed out of in Highveld's existing cash resources, profit retentions and borrowings.

The R150 million aluminium can plant being established by Highveld's Rheem division is proceeding on schedule and is expected to commence production in June 1993.

Prior to the McCarthy/Prefcor merger, Amic acquired from Anglo American Corporation its 11% shareholding in the McCarthy Group. As a result Amic's interest in the merged Group has been increased to 31.4%.

It was recently announced that Amic will acquire on 31 March 1993, also from Anglo American, a 49% interest in LTA Limited. Together with its existing interest Amic will hold 72% in LTA which will become an important new subsidiary.

### Economic review

Economic conditions in South Africa during 1992 were significantly worse than even the most cautious projections at the beginning of the year. Hopes of moderate economic growth were eliminated by an exceptionally severe drought, yet another disappointing year for international trade, continued weakness in the US\$ gold price and intensified socio-political upheaval in this country.

Poor trading conditions were pervasive, affecting virtually every sector of the economy. Real fixed investment also declined, taking the aggregate down to levels comparable with those experienced in the early 1970s. Despite weak external markets, the total volume of South Africa's exports continued to grow, although declines were recorded by some industries facing exceptionally difficult international trading conditions. Weaker external product prices were also experienced in many instances, aggravated by a remarkably strong rand against the US dollar for most of the year.

The total volume of manufacturing production fell by over 4% in 1992. Although most sub-sectors reflected the extremely poor economic climate, the most severe effects continued to be felt by those industries dependent on fixed investment activity in South Africa, the gold mining industry or agriculture, or on those international markets experiencing particularly severe cyclical downturns. The steel and ferro-alloy and pulp and paper industries fall into the latter category.

The rapid alleviation of these circumstances in 1993 is not anticipated. The world economic recovery is likely to remain slow and vulnerable to setback, especially in Europe and Japan. In South Africa, the past failure to contain increases in current government spending within affordable limits, the costs of the recent drought and depressed growth in tax revenue, have resulted in a fiscal deficit too large to be ignored by responsible government. Although the deficit clearly cannot be brought down to a desired level in one year without serious economic disruption in the short-term, the start of a phased return to more credible fiscal management is essential. Unfortunately, even a moderate shift towards greater fiscal austerity in the midst of the current recession in South Africa will initially temper the prospect for recovery.

If such action is taken, however, it will supplement the progress made on other fronts towards the establishment of a platform for a more meaningful recovery from 1994. Recent success in containing inflation and concomitant reductions in interest rates are welcome developments. It is hoped that progress on this front will be sustained, and that the establishment of the National Economic Forum will contribute towards a better understanding by all participants of the benefits of lower inflation and the actions required to achieve this.

### Prospects

The current world economic scene, the depressed state of the local economy and the political uncertainties in South Africa, make forecasting difficult. Most Amic companies are predicting relatively small variations in earnings and, overall, it is expected that Amic's 1993 earnings will at least equal those of 1992.

5 March 1993

### Results

|  | 1992<br>R million | 1991<br>R million |
|--|-------------------|-------------------|
| <b>Turnover</b>  | <b>6 782</b>      | <b>6 460</b>      |
| Earnings from operations                                   | 295               | 434               |
| Share of earnings of associated companies                  | 210               | 206               |
| <b>Dividends</b>   | <b>96</b>         | <b>100</b>        |
| Retained earnings  | 114               | 106               |
| Income from investments and interest earned                | 93                | 78                |
| Finance lease charges                                      | 598               | 718               |
| Interest paid  | 47                | 7                 |
|  | 91                | 105               |
|  | 138               | 112               |
| <b>Earnings before taxation</b>                            | <b>460</b>        | <b>606</b>        |
| Taxation   | 4                 | (50)              |
| <b>Earnings after taxation</b>                             | <b>464</b>        | <b>556</b>        |
| Outside shareholders' interest in earnings of subsidiaries | 112               | 155               |
| <b>Earnings attributable to ordinary shareholders</b>      | <b>352</b>        | <b>401</b>        |
| Extraordinary items  | (18)              | 16                |
|  | 334               | 417               |
| <b>Ordinary dividends</b>                                  | <b>200</b>        | <b>196</b>        |
| Interim  | 62                | 60                |
| Final  | 138               | 136               |
| Retained earnings  | 134               | 221               |
| Number of ordinary shares in issue (000)                   | 57 410            | 56 762            |
| <b>Earnings per ordinary share* - cents</b>                | <b>617</b>        | <b>731</b>        |
| <b>Dividends per ordinary share - cents</b>                | <b>350</b>        | <b>350</b>        |
| Interim  | 110               | 110               |
| Final  | 240               | 240               |

\*Based on weighted average number of 57 092 853 ordinary shares in issue for the year.

### Final Dividend No. 58

The directors declared, on 4 March 1993, dividend No. 58 of 240 cents per share to shareholders, registered in the books of Amic at the close of business on 19 March 1993 (the record date) in respect of those shares which do not qualify, as set out below, for capitalisation shares in lieu of the dividend. Subject to the terms which will be published on 18 March 1993, shareholders will be entitled to elect to receive capitalisation shares in Amic, in lieu of the dividend of 240 cents per share in respect of not more than 50 per cent of the shares held by them at the record date. Shareholders who wish to receive additional capitalisation shares to those which they may elect to receive as described above may tender for additional capitalisation shares in lieu of the dividend of 240 cents per share on the balance of the shares held by them at the record date. Amic reserves the right to accept such tenders in whole or in part and will only accept such tenders to the extent that certain shareholders may not have exercised their rights of election to receive capitalisation shares. The dividend will accordingly accrue and be payable only on such shares in respect of which no election to receive capitalisation shares is received by Amic or in respect of which no part of a tender to receive additional capitalisation shares is accepted, and the total number of capitalisation shares to be issued will be in lieu of not more than 50 per cent of the dividend.

The capitalisation shares to be issued will not be registered with the Securities and Exchange Commission Washington D.C., for purposes of the share election or the right to tender for capitalisation shares or with the Canadian Provincial Securities Commissions, and accordingly neither the share election nor the right to tender for capitalisation shares will be made to, or be open for acceptance by, shareholders with registered addresses in the United States of America, or any of its territories, or in Canada.

|   |   |
|---|---|
| Basis of share election - ratio and price announced   | Thursday, 18 March                      |
| Last day to register for dividend (and for changes of address or dividend instructions)   | Friday, 19 March                        |
| Registers closed from to (inclusive)  | Saturday, 20 March<br>Saturday, 2 April |
| Shares ex-dividend and ex-capitalisation share election rights on The Johannesburg Stock Exchange and The London Stock Exchange | Monday, 22 March                        |
| Currency conversion date for sterling payments to shareholders paid from London   | Monday, 22 March                        |
| Circular and form of Election and Tender posted to shareholders   | Friday, 26 March                        |

|   |                    |
|---|--------------------|
| Share certificates and dividend warrants posted | Thursday, 29 April |
| Payment date of dividend                        | Friday, 30 April   |
| Listing of capitalisation shares commences      |                    |
| Rate of non-resident shareholders' tax          | 15 per cent        |

By order of the board

Anglo American Corporation of South Africa Limited  
Secretaries

per: A V Waterston  
Divisional Secretary

5 March 1993

**Registered Office**  
44 Main Street  
Johannesburg  
2001  
South Africa

**London Office**  
19 Charterhouse Street  
London EC1N 6QP  
England

**Transfer Secretaries**  
Barclays Registrars  
Bourne House  
34 Beckenham Road  
Beckenham, Kent BR3 4TU



## KNP Exchange Offer

The Exchange Offer, made on 8th February, 1993, by N.V. Koninklijke KNP ("KNP") for all of the outstanding ordinary shares and depositary receipts for ordinary shares of Bührmann-Tetterode nv ("BT") and for all of the outstanding ordinary shares of VRG-Groep N.V. ("VRG"), is hereby declared unconditional.

KNP announces that, as of 5th March, 1993, its name will be changed to N.V. Koninklijke KNP BT ("KNP BT").

Certificates for the new ordinary shares in KNP BT are expected to be issued from 9th March, 1993.

As at 1st March, 1993 acceptances have been received in respect of the Exchange Offer for 32,551,772 ordinary shares and depositary receipts for ordinary shares of BT, representing approximately 92% of the issued share capital, and for 6,066,803 ordinary shares of VRG, which when taken together with the VRG shares already owned by KNP represents approximately 98.9% of the issued share capital.

KNP BT will continue to register acceptances for ordinary shares and depositary receipts for ordinary shares until 9th April, 1993.

Hilversum/Amsterdam, 4th March, 1993  
N.V. Koninklijke KNP  
Bührmann-Tetterode nv  
VRG-Groep N.V.

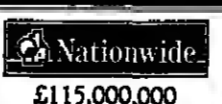
This advertisement is issued by N.V. Koninklijke KNP, Bührmann-Tetterode nv and VRG-Groep N.V. and the directors of the three companies respectively are the persons responsible for the information contained in this advertisement. This advertisement has been approved by Lazard Brothers & Co., Limited for the purposes of section 97 of the Financial Services Act 1986. Lazard Brothers & Co., Limited is a member of the SFA



£150,000,000

Floating Rate Notes  
Due 1995

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Interest Period:  
4th March, 1993 to  
4th June, 1993  
Interest Amount per  
£5,000 Note due  
4th June, 1993: £78.45  
Interest Amount per  
£250,000 Note due  
4th June, 1993: £784.52  
Agent Bank  
Barings Brothers & Co., Limited



£115,000,000

Subordinated Floating Rate  
Notes Due 1998

(Issued by Nationwide  
Anglia Building Society)  
For the six months 8th March, 1993  
to 8th September, 1993 the Notes  
will carry an interest rate of  
6.4625% per annum with a coupon  
amount of GBP 16,289.04 per GBP  
500,000 Note, payable on 8th  
September, 1993.  
Nationwide Building Society  
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FUTURES PAGER

### VAAL REEFS EXPLORATION AND MINING COMPANY LIMITED

Registration No. 05/17354/05 (Incorporated in the Republic of South Africa)

### GENERAL MEETING OF MEMBERS - CLOSING OF REGISTERS

For the purpose of determining which members are entitled to attend and vote at the general meeting of members to be held on Monday, 29 March 1993, at 10:10 am, at 55 Marshall Street, Johannesburg, the transfer register and register of members will be closed from Tuesday, 23 March to Monday, 29 March 1993, both days inclusive.

By order of the board  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
Secretaries  
per: R. J. BEITH, Companies Secretary

Registered Office  
44 Main Street  
Johannesburg 2001

London Office  
19 Charterhouse Street  
London EC1N 6QP

Johannesburg  
5 March 1993

**UK Transfer Secretaries**  
Barclays Registrars  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU



# Anglovaal Limited

Reg. No. 05/04580/06  
Incorporated in the Republic of South Africa

## Interim report and dividend announcement for the half-year ended 31 December 1992

### Financial results

The consolidated results are as follows:

#### Group income statement

|   | Unaudited<br>Half-year ended<br>31 December<br>1992 | Unaudited<br>Half-year ended<br>31 December<br>1991 | Increase/<br>(Decrease)<br>% | Audited<br>Year ended<br>30 June<br>1992 |
|---|---|---|------------------------------|--|
| Turnover  | 4,303.9   | 4,108.5   | 5                            | 8,205.8                                  |
| Operating profit  | 344.8   | 376.1   | (8)                          | 747.8                                    |
| Income from investments                                     | 26.4  | 22.5  | 17                           | 49.4                                     |
| Profit before taxation                                      | 371.2   | 398.6   | (7)                          | 797.2                                    |
| Taxation  | 149.8   | 178.6   | (16)                         | 331.5                                    |
| Profit after taxation                                       | 221.4   | 220.0   | 1                            | 465.7                                    |
| Equity accounted earnings                                   | 53.4  | 45.7  | 17                           | 76.0                                     |
| Profit after taxation including equity accounted earnings   | 274.8   | 265.7   | 3                            | 541.7                                    |
| Attributable to outside shareholders of subsidiaries        | 138.8   | 122.6   | 13                           | 264.0                                    |
| Earnings attributable to equity shareholders                | 136.0   | 143.1   | (5)                          | 277.7                                    |
| Earnings per share (cents)                                  | 226   | 240   | (6)                          | 464                                      |
| Dividend per share (cents)                                  | 33  | 33  | 0                            | 100                                      |
| Number of shares on which earnings per share is based (000) | 60,267  | 59,624  | (1)                          | 59,817                                   |
| Net worth per share (rand)                                  | 47  | 50  | (6)                          | 79                                       |
| - adjusted for Venetia                                      | 70  | 77  | (10)                         | 119                                      |

#### Group balance sheet

|                                | Unaudited<br>31 December<br>1992 | Unaudited<br>31 December<br>1991 | Audited<br>30 June<br>1992 |
|--------------------------------|----------------------------------|----------------------------------|----------------------------|
| Capital employed               | 2,466.0                          | 2,148.7                          | 2,328.9                    |
| Shareholders' interest         | 2,128.3                          | 1,974.8                          | 2,154.9                    |
| Outside shareholders' interest | 4,594.3                          | 4,123.5                          | 4,483.8                    |
| Total shareholders' interest   | 200.6                            | 200.6                            | 200.6                      |
| Debt capital                   | 137.7                            | 153.5                            | 132.1                      |
| Deferred taxation              | 371.9                            | 167.0                            | 171.9                      |
| Long-term borrowings           | 5,264.5                          | 4,644.6                          | 4,988.4                    |

#### Employment of capital

|  | Unaudited<br>31 December<br>1992 | Unaudited<br>31 December<br>1991 | Audited<br>30 June<br>1992 |
|--|----------------------------------|----------------------------------|----------------------------|
| Fixed assets                                   | 1,631.9                          | 1,362.2                          | 1,412.1                    |
| Investments                                    | 1,531.2                          | 1,064.5                          | 1,504.3                    |
| - associates and subsidiaries not consolidated | 1,218.2                          | 764.0                            | 1,140.1                    |
| - listed                                       | 131.8                            | 137.0                            | 140.1                      |
| - unlisted                                     | 181.2                            | 163.5                            | 224.1                      |
| Loans and long-term debtors                    | 48.6                             | 43.1                             | 49.1                       |
| Net current assets                             | 1,992.8                          | 2,174.8                          | 2,022.9                    |
| Current assets                                 | 3,755.3                          | 4,129.1                          | 4,053.6                    |
| Current liabilities                            | 199.5                            | 350.8                            | 254.9                      |
| - interest bearing                             | 1,563.0                          | 1,603.5                          | 1,775.8                    |
| - other  | 520.5                            | 464.6                            | 498.4                      |

|   |         |         |         |
|---|---------|---------|---------|
| Market value of listed investments, associates and subsidiaries not consolidated            | 1,389.9 | 1,596.8 | 1,742.3 |
| Book and carrying value of listed investments, associates and subsidiaries not consolidated | 909.4   | 523.1   | 859.4   |

#### Comment

**Group results:** Trading conditions in the half-year to 31 December 1992 remained extremely difficult and earnings per share was 6 per cent lower than that of the corresponding period in the previous year.

Anglovaal Industries Limited's (AIV) contribution to Group earnings increased by 20 per cent as a result of two factors. Firstly, the increase in AIV's earnings per share of 9 per cent and secondly, due to further investments in AIV by Anglovaal. The improved results of AIV emanated from higher earnings achieved by Consol Limited and National Brands Limited, together with a R14.3 million contribution from associate, Anglo-Alpha Limited, which was acquired in the second half of the previous financial year. Earnings growth was, however, partly offset by lower earnings from Irvin & Johnson Limited and the Group's textile interests. Gdnaker Holdings Limited reported largely unchanged results.

The Group's principal mining investments continued to operate in adverse markets with both volumes and sales prices, particularly in international steel markets, under severe pressure. Consequently, earnings from this division were lower than the comparable period despite a dividend from Prieska Copper Mines Limited - which has now ceased operations - of R4.3 million. The Group's attributable share being R3.3 million. The Associated Manganese Mines of South Africa Limited, the major contributor to mining income of the Group, recently reported a 51 per cent drop in profit for its financial period ended 31 December 1992. Unless market conditions improve, the contribution to Group earnings from mining will continue to decline.

**Venetia diamond mine:** Construction work on the diamond mine being developed by De Beers Consolidated Mines Limited on the farm Venetia pursuant to the agreement with Saturn Mining, Prospecting and Development Company (Pty) Limited, in which the Group has an 87.5 per cent interest, was completed according to plan. The main treatment plant commenced production in July 1992, reaching full capacity, on the basis of a five-day week operation, at the end of the year. The bulk sample plant operated on a continuous basis until the end of 1992. The Company is informed by De Beers that arrangements are in hand to slow the build-up of production this year in response to the Central Selling Organisation's application of quotas of deliveries of diamonds for sale to the market.

Pending recoupment of capital, Saturn is receiving a minimum royalty of 12.5 per cent of the mine's profits before appropriations for capital expenditure. An amount of R4.7 million (1991: R2.8 million) was received by Saturn during the period under review.

**Mineral exploration:** Following completion of the major gold exploration programmes undertaken by Sun Prospecting and Mining Company (Pty) Limited and Orbi Prospecting and Mining Company (Pty) Limited in the northern Orange Free State, the Group continues to incur expenditure on various exploration programmes in Southern Africa and on investigations conducted by it in its quest for new mining opportunities. During the period under review, exploration expenditure by the Group and its partners, which includes the acquisition of mineral rights, amounted to R36.5 million (1991: R38.2 million). It is estimated that expenditure for the current half-year will amount to R22.7 million.

The results of the initial drilling programme conducted by Target Exploration Company Limited over mineral interests it acquired from Loraine Gold Mines Limited, were published on 3 September 1992. The evaluation of these results is being continued. Exploration expenditure by Target since inception to 31 December 1992 amounted to R40.7 million.

**Prospects for year:** During the six months under review, the South African economy continued to experience an economic recession. Taking account of the drought and on-going political turbulence, prospects for domestic economic growth in the short-term are not encouraging. However, given some progress in political negotiations, an improvement in the international economy, as well as the benefits of lower interest rates and inflation, there is hope that the lower levels of economic activity will bottom-out and that there will be an upwards trend towards the end of 1993.

Current indications are that earnings in the second six months to June 1993 will continue to be under pressure and it is expected that results for the full year to 30 June 1993 could be slightly lower than those of the previous year.

#### Investments: The principal changes were as follows:

- the Group adjusted the composition of its gold share portfolio through the disposal and acquisition of various non-group share investments;
- Consol Limited acquired, with effect from 26 November 1992, the 25.6 per cent minority shareholding in Consol (Pty) Limited for a total cash consideration of R210 million. This acquisition resulted in both Tredco (Pty) Limited and Tycen (Pty) Limited becoming wholly-owned subsidiaries of Consol; and
- with effect from 1 July 1992, the AIV group increased its holding in Triatel Holdings (Pty) Limited from 94.1 per cent to 97.6 per cent.

**Extraordinary items:** The following items have not been taken into account in earnings attributable to equity shareholders:

|   | Half-year ended 31 December<br>1992 | Half-year ended 31 December<br>1991 |
|---|-------------------------------------|-------------------------------------|
| Surplus on disposal of listed investment                    | 0.4                                 | 90.0                                |
| Provision against investment in associated company          | (1.0)                               | (10.2)                              |
| Goodwill written-off  | (1.0)                               | (4.0)                               |
| Other   | (0.3)                               | (0.3)                               |
| Net extraordinary items attributable to equity shareholders | (1.9)                               | 75.5                                |

**Capital expenditure:** The capital expenditure of the Group for the half-year ended 31 December 1992 was R144.3 million (1991: R116.3 million). Capital expenditure amounting to a further R215.5 million (1991: R164.4 million) as at 31 December 1992 had been authorised, of which R109.9 million (1991: R47.2 million) had not yet been contractually committed.

**Commitments and contingent liabilities:** At 31 December 1992, commitments amounted to R26.7 million (1991: R20.0 million). Contingent liabilities amounted to R29.6 million (1991: R19.0 million). Subsequent to this date, the Group had been released from R20.0 million.

**Interim dividend declaration:** Notice is hereby given that interim ordinary dividend No. 94 of 33 cents (1991: 33 cents) per share and interim N ordinary dividend No. 6 of 33 cents (1991: 33 cents) per share have been declared payable to holders of ordinary and N ordinary shares registered in the books of the Company at the close of business on Friday, 26 March 1993. Payments of the dividends are subject to conditions which are available for inspection at the registered office or office of the London Secretaries of the Company. The dividends have been declared in the currency of the Republic of South Africa and payments from London will be made in United Kingdom currency at the rate of exchange ruling on 5 April 1993. Warrants in payment of the dividends will be posted on or about 22 April 1993. The transfer books and registers of members in Johannesburg and London will be closed from 27 March to 2 April 1993, both days inclusive.

For and on behalf of the board  
R. E. Herson Chairman  
Clive S. Mett Deputy Chairman

Registered office  
Anglovaal House  
56 Main Street  
2001 Johannesburg

London Secretaries  
Anglovaal Trustees Limited  
33 Davies Street  
London W1Y 1FN  
Directors: R. E. Herson DMS, Hon. L. D. D. Dillman, E. H. Fox, J. J. Goldenbury,  
E. G. D. Gordon, E. J. Mabuza, J. C. Robertson, R. T. Swemmer, R. A. D. Wilson



## INTERNATIONAL COMPANIES AND FINANCE

# CIBC falls 24% in first quarter

By Bernard Simon in Toronto

HIGHER LOAN losses contributed to Canadian Imperial Bank of Commerce suffering a 24 per cent drop in first-quarter earnings, despite improved interest margins and an increase in assets.

Net earnings slipped to C\$166m (US\$126m), or 74 cents a share, in the three months to January 31 from C\$221m, or C\$1.01, a year earlier.

Return on common equity fell to 10.6 per cent, from 13.5 per cent.

Loan-loss provisions rose to C\$220m, from C\$188m. But the bank said it expected credit losses for fiscal 1993 as a whole of C\$380m, well down on last year's C\$1.5bn setback.

CIBC has been through a turbulent period recently, ranging from its heavy exposure to Olympia & York, the real estate developer which col-

| BANK RESULTS<br>For quarter ended Jan 31 1993* |                       |                       |                       |        |
|--|-----------------------|-----------------------|-----------------------|--------|
|  | Net Income<br>(C\$bn) | Return on<br>equity % | Return on<br>assets % |        |
| Royal Bank of Canada                           | 254                   | (256)                 | 14.8                  | (14.5) |
| CIBC   | 169                   | (221)                 | 10.8                  | (13.5) |
| Bank of Montreal                               | 155                   | (184)                 | 12.5                  | (15.1) |
| Bank of Nova Scotia                            | 165                   | (174)                 | 15.9                  | (17)   |
| Toronto-Dominion                               | 1                     | (115)                 | -0.7                  | (9.4)  |
| National Bank of Cda                           | 45                    | (49.8)                | 10.8                  | (11.3) |
| * Previous year in brackets                    |                       |                       |                       |        |

lapsed last year, to a sweeping reorganisation following the appointment of a new chairman and chief executive.

Analysts have also identified the bank as the biggest lender to the troubled Bronfman group of industrial, property and financial service companies.

Assets have risen by 10 per cent in the past year to C\$136.2bn on January 31, put-

ting CIBC less than C\$1bn behind its chief rival, Royal Bank of Canada. But CIBC's first-quarter return on assets was 0.50 per cent, against Royal's 0.73 per cent.

Total non-performing loans climbed fractionally during the quarter to C\$3.14bn. The bank said the recession continued to hurt its business, "although there are signs of an economic recovery".

CIBC is focusing its

operations on three core markets. They are consumer business and commercial banking in Canada, as well as large corporate and government customers throughout north America.

Cost controls led to a slight decline in non-interest expenses in the latest period.

CIBC is the last of Canada's big six banks to publish first-quarter earnings.

Most of the others reported little change in earnings, with higher loan losses continuing to offset improved interest income.

One notable exception is Toronto-Dominion, which has suffered from the heavy concentration of its business in southern Ontario.

Besides lending problems, TD's earnings were hit by the costs of absorbing a recently acquired trust company.

## Profits fall 22% for The Gap

By Nikki Tall

THE GAP, the San Francisco-based specialty retailer which until recently was one of Wall Street's darling stocks, yesterday reported a 22 per cent decline in fourth-quarter profits.

The company, which operates over 1,300 stores under The Gap, Banana Republic and GapKids names, said after-tax profits in the 13 weeks to January 30, fell from \$83.8m to \$65.7m. Sales increased from \$803.5m to \$880.2m.

The final quarter's figures leave The Gap's profits for the year at \$210.7m after tax, down from \$228.9m in the previous 12 months. Sales totalled \$2.96bn, compared with \$2.53bn.

Mr Donald Fisher, The Gap's chairman, blamed the downturn, which was concentrated in the core domestic Gap division, on "the effect on merchandise margins of lower retail prices and higher occupancy expenses".

He noted that GapKids and Banana Republic outlets, with the company's overseas stores, all posted higher profits.

Part of The Gap's problems stem from intense competition in the domestic market from rival retailers of basic items like jeans, T-shirts and sweaters.

As a result, the San Francisco company cut its denim prices last year, affecting its gross margins.

## Cold snap hits US retailers

By Nikki Tall in New York

LEADING US retailers blamed the severe winter weather, which affected many parts of the country last month, for a slowdown in sales growth during February.

Most of the major retail chains posted increases in "same-store sales" during the trading period, but the scale of the improvements was sharply diminished from the strong advances seen in previous months.

Some comparisons were also affected by the fact that 1992 was a Leap Year, and hence February's trading last year included an extra day.

"Sales of consumer products and home electronics were

strong throughout the month with winter storms adversely affecting sales, particularly in apparel lines, after the holiday weekend," said Mr Joseph Antonini, chairman of K mart.

He also noted that temperatures had been "unseasonably mild" in February 1992.

At Sears, Roebuck, Mr Arthur Martinez, head of the merchandise division, said underlying sales trends remained "encouraging".

Sears saw a 2.3 per cent advance in domestic same-store sales during the four weeks to February 27, while K mart posted a 1.1 per cent improvement for the four weeks to February 24.

Wal-Mart, the largest US retailer in sales terms, saw a 6

per cent rise in same-store sales if February 29, 1992, was excluded from the comparison. With that day's trading same-store sales for the month were flat.

Among the department store chains, Federated Department Stores - which takes in Bloomingdale's, Abercrombie & Fitch and Lord & Taylor - posted a 1.4 per cent increase in same-store sales for the four weeks ended February 27; J. C. Penney managed a 4.7 per cent advance from its core department stores over the same period; and May Department Stores a 2.7 per cent improvement.

Woolworth saw domestic same-store sales actually fall by 3.4 per cent.

## Five groups set to bid in Mexican media sell-off

By Damian Fraser in Mexico City

THE Mexican government has given investors until April 1 to register an interest in the soon-to-be privatised state-owned television channels, El Nacional newspaper, and cinemas.

Five powerful groups have emerged as bidders, and reports suggest the winner may have to bid around \$500m for the entire packet.

The privatisations are intended to transform Mexico's media market, giving Televisa, the near-monopoly television

company, effective competition for the first time. Televisa has about 90 per cent of Mexico's television market. Investors will be able to register interest for the entire media packet, or individual parts.

Of the five bidders the favourites are Mr Clemente Serna of Radio Programas de Mexico, Mexico City's most successful radio programmer; Joaquin Vargas Gomez, of the subscriber-only television channel Multivision; the Aguirre family, of Radio Centro; and Mr Raymond Gomez Flores, who owns Banca Credi-

## Lower markka helps Kemira

By Christopher Brown-Humes in Stockholm

KEMIRA, the Finnish state-owned chemicals group, cut its pre-tax loss to FM337m (\$75.1m) in 1992 from FM522m the previous year.

Rationalisation, the depreciation of the markka and the start-up of new facilities all helped the recovery, the company said. It noted that cheap imports from eastern Europe and lower European fertiliser demand helped to keep it in the red. Sales rose 3 per cent to FM11.2bn.

## Belgian bank hit by bad loan provisions

By Andrew Hill in Brussels

PROVISIONS to cover international loans cut net consolidated profits at Banque Bruxelles Lambert, one of Belgium's three largest banks, to BFR3.6bn (\$1.2bn) in the 15 months to the end of 1992.

In the year to the end of September 1991, BBL reported consolidated net profits of BFR4.5bn. The group had already warned it would turn in poor consolidated results for the 15-month period.

The company pointed out that its operating profit had increased from BFR1.8bn in the year 1990-91 to BFR26.3bn in the following 15 months. It attributed the improvement to an 8.5 per cent increase in interest income and "efficient control of general expenditure".

BBL proposed a net dividend of BFR100 per ordinary share.

BBL identified last year's main problem as the increase in provisions from BFR12.2bn in 1991-92 to BFR21.5bn - nearly three-quarters of which represented write-offs of loans.

The group said yesterday the loan provisions had peaked in 1992. It was positive about the prospects for its international branches.

It said the international network "may become profit-making again... unless the economic situation deteriorates dramatically". A month ago, the group revealed that its French subsidiary alone lost BFR540m in 1992, mainly because it had to write off French property loans.

BBL's balance sheet total rose by 7.7 per cent in the 15-month period, from BFR2,888bn to BFR3,464bn, and customer deposits increased by 6.6 per cent.

Mr Daniel Cardon de Lichtervelde, BBL's new chief executive, insists the group will not seek new alliances with third parties in the 1993-95 period, after last year's ill-fated attempt at an agreement with the Dutch financial services company Internationale Nederlanden Groep (ING).

Gevaert, the Belgian investment group, suffered a drop in consolidated profit in 1992, from BFR2.07bn to just under BFR2bn. It said the economic slowdown and depressed stock market meant there were "no major capital gains" during the year.

## FIDELITY SPECIAL GROWTH FUND

Société d'Investissement à Capital Variable  
Kansallis House  
Place de l'Etoile  
L-1021 Luxembourg  
R.C. Luxembourg B 20095

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY SPECIAL GROWTH FUND, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on March 25, 1993, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended November 30, 1992.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3d, Barry R. J. Bateman, Charles T. M. Collis, Charles Fraser, Jean Hamillius and H. F. van der Horst, being all of the present Directors.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Declaration of a cash dividend in respect of the fiscal year ended November 30, 1992.
8. Proposal, recommended by the Board of Directors, to amend Article 16 of the Fund's Articles of Incorporation to delete the specific limitations in the nature of investment safeguards set forth therein and to substitute more general language, to order that all of the Fund's investment safeguards may be determined by the Board of Directors to its discretion, subject to the requirements of Luxembourg law and regulation. Copies of Article 16 as proposed to be amended may be obtained from the Fund at its registered office in Luxembourg and are being mailed to all registered shareholders with this Notice of Meeting.
9. Proposal, recommended by the Board of Directors, to amend the Fund's Investment Management Agreement with Fidelity International Limited ("FIL") by adding a new Section 16 to specify the basis on which FIL, as Investment Manager, may delegate, with the Board's consent, FIL's responsibilities in respect of portfolio management for the Fund, and to amend Section 10 of the Agreement to state the responsibility of FIL for such delegate's actions pursuant to such delegation. Copies of Sections 10 and 16 as proposed to be amended may be obtained from the Fund at its registered office in Luxembourg and are being mailed to all registered shareholders with this Notice of Meeting.
10. Consideration of such other business as may properly come before the meeting.

Approval of items 1 through 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. Approval of item 8 of the agenda will require the affirmative vote of two-thirds (2/3) of the shares present or represented at the Meeting at which a majority of the outstanding shares must be present or represented; if a quorum is not present, then at the adjournment session of the Meeting, approval of item 8 shall require the affirmative vote of two-thirds (2/3) of the shares present or represented at the Meeting with no minimum number of shares present or represented for a quorum. Approval of item 9 of the agenda, including at any adjournment session of the Meeting, will require to affirmative vote of a majority of the shares present or represented at the Meeting at which a majority of the outstanding shares are present or represented. Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: February 18, 1993

BY ORDER OF THE BOARD OF DIRECTORS

Fidelity Investments

## PARBELUX FINANCE S.A.

10, Boulevard Royal  
LUXEMBOURG  
R.C. LUXEMBOURG A 25.513

### NOTICE

of an Extraordinary General Meeting of the Shareholders of PARBELUX FINANCE S.A.

DCK 300.000.000 10.50% 1987/1993  
Notes due 1993

An Extraordinary General Meeting of the Shareholders of PARBELUX FINANCE S.A. DCK 300.000.000 10.50% Notes due 1993 will be held at the registered office 10, Boulevard Royal, Luxembourg, on March 16, 1993 at 10.00 a.m. to deliberate on the following agenda:

- Amendment of the Terms and Conditions of the Notes in order to insert a new article "Substitution" which reads as follows:

"SUBSTITUTION"

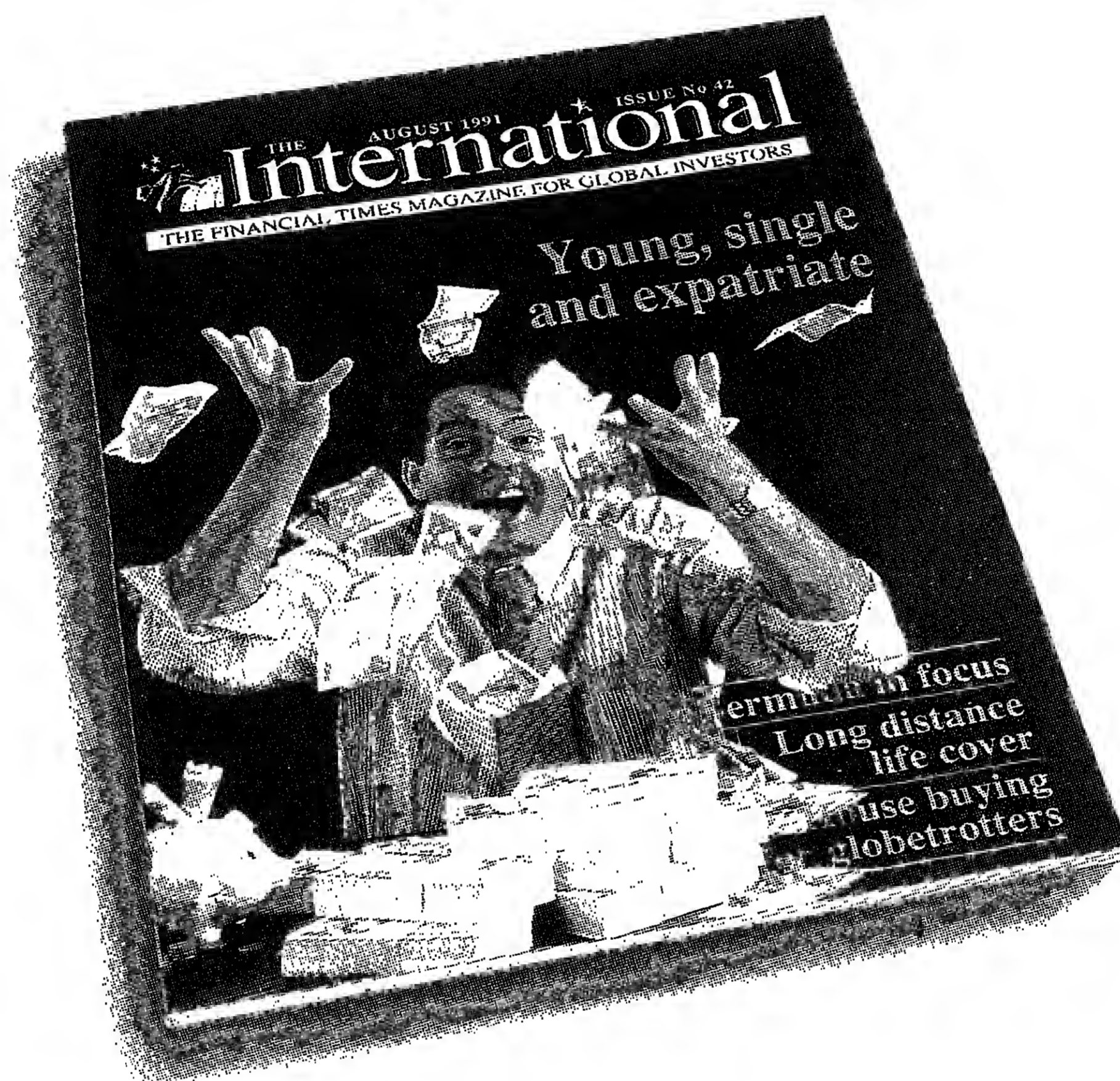
The Issuer may procure that another corporation is substituted for the Issuer as the deliver under the Notes and Coupons by assigning all its rights and obligations under the Notes and Coupons to such other corporation (the "New Company") provided that to the case of a substitution the Guarantor guarantees the payment of principal and interest in respect of the Notes. Each noteholder and couponholder will be deemed to consent to such substitution and assignment and, upon the New Company assuming all the rights and obligations of the Issuer under the Notes and Coupons as fully and effectively as though it had been the original issuer of the Notes, the Issuer shall be released from all liabilities under the Notes and Coupons and the Notes and the Coupons shall thereafter be deemed to be modified so that references to the Issuer are construed as references to the New Company and references to the Grand-Duchy of Luxembourg, are construed as references to the country or countries in which the New Company is incorporated or resides. Notice shall be given in accordance with "Notices" by the Issuer to the Noteholders as soon as possible and in any event not later than 15 days after the day of such substitution.

At this Meeting the required quorum will be 75 per cent.

For the purpose of obtaining voting certificates, the noteholders are required to deposit their Notes at the latest two business days prior to the Meeting at the offices of the Paying Agents:

AMSTERDAM-ROTTERDAM  
BANK N.V.  
Herengracht 595  
NL-1017 CE AMSTERDAM

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### Job Status

- ☐ 1 Proprietor/Self-Employed Partner  
☐ 2 Employed  
☐ 3 Consultant  
☐ 4 Retired  
☐ 5 Student/Unemployed

### Nature of Business

- ☐ 1 Financial Services  
☐ 2 Construction  
☐ 3 Other Services  
☐ 4 Transport/Travel/Communications  
☐ 5 Distribution/Hotels/Catering

- ☐ 6 Extraction (Oil, minerals, etc)  
☐ 7 Manufacturing/Engineering  
☐ 99 Other (Please State \_\_\_\_\_)

**Age**

- ☐ 1 Under 25  
☐ 2 25-34  
☐ 3 35-44  
☐ 4 45-54  
☐ 5 55-64  
☐ 6 65+

### Types of Investment currently held

- ☐ 1 Domestic Equities

- ☐ 2 International Equities
- ☐ 3 Offshore Deposits
- ☐ 4 Property
- ☐ 5 Bonds
- ☐ 6 Precious Metals/Gems
- ☐ 7 Unit Trusts/Mutual Funds
- ☐ 8 Other International Investments
- ☐ 99 None

**Which of the following do you have?**

- ☐ 1 Credit Card (e.g. Visa)  
☐ 2 Gold Card  
☐ 3 Charge Card (e.g. Amex)  
☐ 99 None



# Question mark over CSFB as an era ends

**C**REDIT SUISSE First Boston and its London chairman, Mr Hans-Jörg Rudloff, have raised strong passions in the Euro-markets since the beginning of the 1980s. Arrogant, aggressive, ambitious – the bank has aroused a pungent mixture of distaste and respect in its rise to become one of the top London-based investment

banks.

Yesterday's announcement that Mr Rudolf was being elevated to the board of the bank's Swiss holding company, CS Holding, signalled the end of the era of the bank's chairman, who also raised a question about what changes lie in store for one of the most successful institutions operating in London's international financial markets.

The answer yesterday from the bank's chairman, Richard Waters and Tracy Corrigan examined the elevation of the London chairman to the holding company.

Mr. Kanner Gut, chairman of CS Holding, "None." He shrugged his shoulders. "Questions that management moves had been prompted by CSFB's disappointing performance in 1992. The bulk of the group's profits last year were provided by First Boston, which had been outshone by CSFB in previous years." In addition, Kanner Gut said, "In the past, European banks which had afflicted the group, as well as to generate more cross-border investment banking business. "Those rivalries are a thing of the past," says Mr. Gut now. But other senior bankers in the Euromarket claim that there is still no real unity between the various levels of CSFB.

league table slipped to third, with a market share down to under 6 per cent.

"There has been no dissatisfaction with last year's performance, even if it wasn't as shining as in the past," said Mr Gut. Profits were held back by CSFB's expansion in eastern Europe and the move of its London operations to Canary Wharf. But the future investments for the business, he said, There were no plans to change course.

Despite this, the close identification of Mr Rudloff with CSFB's success made yesterday's changes seem charged with significance. Mr Rudloff was in charge throughout the era of expansion in London which preceded the 1988 reorganisation of CS Holding's investment banking interests in London and New York.

But the changes were operated as an autonomous London-based bank, separate from First Boston in the US. After

Could the appointment of Mr Mulford, a former US Treasury official, and a vice-chairman of First Boston, reflect a shift of control towards the US and Mr Jack Hennessey, head of the CS First Boston group? If so, then the existing London management is likely to retain a significant say.

Mr Rudloff described Mr Mulford as a former Merrill Lynch executive who had "groomed on the new business side". But despite his 20-years of experience in investment banking, insiders at CSFB expect him to be less hands-on than Mr Rudloff.

Mr Allen Wheat, hired from Bankers Trust in 1990 to head Credit Suisse Financial Products, the firm's derivatives unit, is expected to control much of the day-to-day operations of the firm. Now he is head of trading in London.

Mr Wheat had been tipped for some months as a potential successor to Mr Rudloff.

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## LIFE EQUITY OPTIONS

|               |              |            |            |             |            |            |               |  |              |            |            |             |            |            |
|---------------|--------------|------------|------------|-------------|------------|------------|---------------|--|--------------|------------|------------|-------------|------------|------------|
|               | <b>CALLS</b> |            |            | <b>PUTS</b> |            |            |               |  | <b>CALLS</b> |            |            | <b>PUTS</b> |            |            |
| <b>Option</b> | <b>May</b>   | <b>Aug</b> | <b>Nov</b> | <b>May</b>  | <b>Aug</b> | <b>Nov</b> | <b>Option</b> |  | <b>Mar</b>   | <b>Jun</b> | <b>Sep</b> | <b>Mar</b>  | <b>Jun</b> | <b>Sep</b> |

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[illegible]

|             |      |      |       |
|-------------|------|------|-------|
| Up 10 yrs.  | 2.04 | 2.03 | 3.54  |
| Over 5 yrs. | 3.47 | 3.47 | 4.33  |
| Up 10 yrs.  | 1.19 | 1.10 | 2.88  |
| Over 5 yrs. | 3.29 | 3.29 | 4.16  |
| 5 years.... | 8.53 | 8.49 | 10.95 |
| 5 years.... | 9.25 | 9.23 | 10.72 |
| 5 years.... | 9.49 | 9.40 | 10.55 |

## Property write-downs cut Ladbroke to £5.2m

By Jane Fuller

A £146.7m write-down in property values, particularly office blocks in London and other UK cities, reduced Ladbroke Group's pre-tax profit to £5.2m last year, down from £146.3m.

The write-down represented 15 per cent of Ladbroke's near £1bn investment property portfolio. Previous provisions had exhausted its revaluation reserve. Mr Cyril Stein, chairman, said: "We don't expect to have property provisions again this year."

The numbers reported under the new accounting standard FR3 were also reduced by a change in the way profits are calculated on sales of hotels and properties. This knocked £24.9m off last year's pre-tax profit figure and £64.1m off the £210.4m recorded for 1991.

Ladbroke, which owns Hilton international hotels, Texas Homecare DIY stores and various betting businesses, maintained its final dividend at 6.23p to give a total of 11.15p. The £121m bill comes out of reserves as the group finished up with losses per share of 3.11p (9.9p earnings).

Mr Stein said: "We have not reduced the dividend since the business started in 1967. The property write-down is not cash and we have substantial reserves."

Operating profit was 3 per cent up at £252.5m (£245.6m) on sales of £4.17bn (£3.82bn).

Margins were squeezed in the Hilton international chain as, for most of the year, weakness in the dollar and the yen deterred American and Japanese travellers.

Hotels' operating profit (pre-



Cyril Stein: no property provisions expected this year

FR3) slipped from £163.5m to £151.7m, on turnover of £901.8m (£758.1m), in spite of an £11m currency gain. The profit on hotel sales fell by nearly £5m to £38.9m.

Mr Stein said there would still be some profits from disposals this year after applying the new rules - which made no difference to the cash going into the bank. Hotel book values had been reduced by £195.6m, taken from the revaluation reserve.

The racing division enjoyed a recovery in the UK. Profit improved to £64.8m (£64.5m), on sales of £2.41bn (£2.25bn), after £8m charges for closures in Flanders and Minnesota. On the latter Mr Stein said: "We have been scalded by the Indians," referring to casinos on nearby reservations.

Texas Homecare, the star performer in the first half, suffered along with other retailers after Black Wednesday. Profit fell to £43.8m (£47.5m) on turnover of £693.8m (£662.9m). Interest charges amounted to £105.6m (£101.8m). Of this, £87.5m was accounted for by property, taking that division's post-interest loss to £35.4m (£12.4m). Capitalised interest was cut to £7m (£147.5m).

Net debt rose to £1.34bn (£1.2bn) including £83m of convertible capital bonds - in line with Accounting Standards Board proposals. The devaluation of sterling added £195.5m to borrowings in translation. The rise in gearing from 35 to 53 per cent also reflected a £340m reduction in shareholders' funds to £3.51bn.

See Lex

## Cookson poised to join rights issue queue

By Angus Foster

COOKSON GROUP, the industrial materials company, is expected today to announce a 1-for-4 rights issue to raise about £200m.

The money will be used to repay borrowings and invest in business development.

The company was understood last night to be in meetings with its advisers, Lazard Brothers, to arrange pricing of the issue.

Cookson will also bring forward the announcement of its results for the year to December 31, which are expected to be in line with market expectations for pre-tax profits of about £72m, a sharp rebound from £24m in 1991.

It will be Cookson's second rights issue in two years. In March 1991 the company launched a £82.5m rights at the same time as announcing a fall in profits and a cut in the dividend.

A hectic acquisitions spree in the late 1980s had left it heavily burdened by debt.

Management changes in 1991 brought in Mr Richard Ooster as group managing director and Mr Robert Malpas as chairman.

Disposals have rationalised the group around its core materials business.

Cookson's shares have responded strongly, rising from 123p last September to 213p yesterday, a gain of 2p on the day.

The new management has won backing in the City and one analyst said last night the rights "won't be too badly received".

Cookson is expected to announce net debt of about £200m at the end of last year, implying gearing of some 63 per cent compared to 53 per cent at the interim stage in June.

One analyst said gearing could rise to more than 80 per cent this year, taking account of the group's convertibles and exchange rates.

"You are looking at a balance sheet leaving little room for development," the analyst said.

## Boddington's £26m boosts shares

By Philip Rawlinson

BODDINGTON, the pubs and drinks wholesaling group, topped market forecasts with a 30 per cent increase in pre-tax profits to £26.3m for the 53 weeks to January 2.

The shares rose 14p to close at 230p.

Mr Denis Cassidy, chairman, who reported "an encouraging start" to this year's trading, also indicated that the group was in no hurry to dispose of its near-20 per cent stake in JA Devenish, acquired during the unsuccessful bid for the west country pub operator in 1991.

Increased dividends from Devenish and lower interest rates reduced the carrying costs of the stake to about

£300,000 a year. "We are happy to sit on it for the moment," Mr Cassidy said. "We regard it as a trading investment which gives us several options."

Boddington could renew its bid, transfer the stake to another potential bidder, or place it on the market.

The results further justified the strategic switch out of brewing and demonstrated that it had a sound base for continued expansion, Mr Cassidy claimed.

Fully diluted earnings per share improved 30 per cent to 18.2p. A proposed final dividend of 4.7p lifts the total to 7.3p, an increase of 10.6 per cent.

Robust trading across the group's operations raised turn-

over 28 per cent, from £186m to £236.8m; trading profit advanced 26 per cent to £32.4m (£26.5m).

Further upgrading of the pub estate - including £4.5m expenditure on refurbishment - resulted in 24 fewer outlets but increased sales and profits. Pub trading profit improved 10 per cent to £20.3m (£18.4m) on turnover 11 per cent higher at £83.9m (£75.5m). Beer volumes dropped 4.4 per cent against a regional market decline of 5.4 per cent. Food sales through the 236 managed houses doubled.

Hotel and restaurant profits rose 55 per cent to £4.1m (£2.6m) on turnover ahead 13 per cent to £27.4m (£24.3m). Restaurants achieved profits of

£2.5m in difficult market conditions. Hotel occupancy rose from 57 per cent to 65 per cent, five points above the national average.

The drinks wholesaling division, after recent acquisitions now supplying 20,000 customers from 24 depots nationally, raised profits 75 per cent to £7.5m (£4.3m) on turnover 30 per cent ahead at £112.6m.

Health care homes recorded a 41 per cent increase in profit to £3.2m (£2.3m) on turnover 19.7 per cent higher at £12m (£10m). Occupancy levels averaged 87.5 per cent against 80 per cent the previous year.

The pubs and restaurants were revalued at £182.5m, 20 per cent below their 1989 value. See Lex

## Pentos to sell office furniture activities

By Peggy Hollinger

PENTOS, owner of specialist retailers Dillons, Ryman and Athena, has put its office furniture group up for sale as it reported a collapse in 1992 pre-tax profits from £15.2m to £4m.

The group also revealed that the £3.7m purchase of Wilding Office Equipment in December 1991, now merged with the Ryman's chain, had resulted in a fair value provision of £12m. Debt rose from £20m to £44m for gearing of 36 per cent.

The pre-tax figure, achieved on sales 16 per cent higher at £236.4m (£204.3m), was £1m lower than analysts' expectations, based on a profits warning in December. However, the shares rose 14p to 52p when it became apparent the company would

not announce a rights issue, as had been rumoured in recent weeks.

The profits were hit by exceptional charges of £3.5m, for redundancy and reorganisation costs largely in the office furniture and Athena cards and posters divisions.

On the sale of the office furniture business, Mr Clive Gregory, finance director, said Pentos was prepared to "sit happily until we can get the right price". The division was valued in the books at £23m.

Office furniture incurred a £300,000 loss (£3.7m profit). However, overheads had been reduced by 20 per cent, and it was on target to contribute about £2m this year.

Athena suffered from a 7 per cent increase in occupancy costs and lower turnover. Like-for-like sales in the UK

dropped by 3 per cent, leaving with a £500,000 loss.

The best news came from Dillons, where like-for-like sales were 4 per cent ahead. Some £11m was spent opening 12 new stores, bringing the total to 117.

Mr Gregory said Dillons claimed 12.5 per cent of the UK's £1.2bn market. The Christmas promotion of books outside the net book agreement had been as successful as last year, with sales up 60 per cent.

Ryman was hit by lower demand from its smaller company customers. Nevertheless, it managed a 1 per cent advance on a comparable sales, helped by the integration of the Wilding business.

The final dividend is cut from 2.05p to 0.8p, for a total of 1.5p (2.75p). Earnings fell from 9.1p to 2.6p.

### NEWS DIGEST

## Unidare advances to £5.4m

UNIDARE, the Dublin-based supplier of heating, electrical and welding goods, reported pre-tax profits ahead 7 per cent for 1992.

On turnover up 12 per cent at £113.9m (£101.4m), pre-tax profits were up from £25.02m to £25.43m (£25.53m). Earnings per share were 33.04p (28.33p) and a final dividend of 11.4p is proposed to make a total of 15.7p (15p).

## Braine shows 13% fall to £582,606

TF & JH Braine (Holdings), the finished metal products, forging, pressing and stamping group, reported a 13 per cent fall in pre-tax profits, from £667,808 to £582,606, for the year to end-December.

Group turnover declined by some £760,000 to £5.5m. A same-again final dividend of 6.5p is proposed, to maintain the total for the year at 8.75p, payable from earnings per share down from 30.22p to 26.69p.

## Sumit net asset value falls to 90p

Sumit, an investment trust, reported basic net asset value per share of 90p at December 31, compared with 106p

12 months earlier.

A fully diluted basis the values were 95p (109p). Net profit came out at £160,631 (£97,037), and earnings per share were 2.2p (1.4p).

The single dividend is increased by 12 per cent from 1.25p to 1.4p.

## Ferry Pickering falls to £1.93m

Ferry Pickering, the publishing, printing and packaging group, reported pre-tax profits of £1.53m for the 16 months to December 31, compared with a restated £2.26m for the previous 12 months.

Turnover for the 16 months was £38.9m against £29.1m, and earnings per share came out at 9.77p (12.68p). A final dividend of 2p is recommended for a total of 7.5p (5.5p).

The figures were produced in accordance with accounting standard FR3.

## Intereurope Tech declines 12%

Intereurope Technology Services, the technical documentation group, saw profits dip 12 per cent to £542,000 pre-tax for the six months to end-December.

The decline from the comparable £614,000 came on turnover down from £5.41m to £4.83m.

The interim dividend is maintained at 2p, payable from earnings of 7.05p (7.95p).

## Galliford subsidises to £327,000

By Catherine Milton

GALLIFORD, the specialist contracting and housing group, yesterday announced a drop in profits and a near-halving of its interim dividend. The shares dropped 8p on the day to close at 39p.

The Leicestershire-based group blamed the damp British

climate on top of inclement trading conditions for an 84 per cent fall in interim pre-tax profits from £2.06m to £327,000.

Mr Peter Galliford, chairman, said the results, for the half year to December 1992, should be seen in the light of "the wettest autumn weather for many years and the combined effect on our employees

in the field".

The interim dividend is cut from 0.95p to 0.5p. Earnings per share fell to 0.27p (1.56p). Group turnover increased by 3 per cent from £105.9m to £109.3m.

The group held £5m (£8m) cash at the bank at the end of December. It has a comparatively cheap stock of land.

## Schindler Letter to Shareholders

### Dividend Increase Proposed Operating Profit Improved

The Board of Directors of Schindler Holding Ltd., Switzerland, will propose at the Annual Shareholder Meeting on April 19, 1993, a higher dividend of CHF 26.- per registered share and bearer participation certificate (previous year: CHF 25.-), and CHF 130.- per bearer share (previous year: CHF 125.-).

After last year's decline and despite continued depressed markets worldwide, Schindler's consolidated net profit for 1992 rose by 26.8% to CHF 110.7 million. This increase reflects the first consolidation of the ALSO Group and a better than expected improvement of non-operating income. Excluding these special factors, consolidated net profit is CHF 95.3 million, up 9.2% from the previous year.

| Schindler Group (in million)  | 1991 CHF | 1992 CHF | %     | 1992 US\$ |
|-------------------------------|----------|----------|-------|-----------|
| Consolidated Net Profit       | 87.3     | 110.7    | +26.8 | 76.3      |
| Operating Income              | 4 005    | 4 457    | +11.3 | 3 074     |
| of which Elevators/Escalators | 3 722    | 4 033    | + 8.4 | 2 781     |
| Orders Received               | 4 249    | 4 202    | - 1.1 | 2 898     |
| of which Elevators/Escalators | 3 695    | 3 839    | + 3.9 | 2 648     |

(Figures based on year-end exchange rates; 1992: US\$ 1 = CHF 1.45)

Shares and bearer participation certificates of Schindler Holding Ltd. are listed on the stock exchanges of Zurich, Basel and Geneva, bearer participation certificates only in Frankfurt and Berlin. Annual reports for 1992 are available from March 23, 1993 at the address below.

Schindler Holding Ltd.

*Franz Muheim*  
Franz Muheim  
Chairman,  
Board of Directors

*Alfred N. Schindler*  
Alfred N. Schindler  
Chairman, Corporate  
Executive Committee

Schindler Holding Ltd., CH-6052 Hergiswil, Switzerland  
Phone +41-41-95 19 61; Telefax +41-41-39 31 34

Schindler

### DIVIDENDS ANNOUNCED

|                  | Current payment | Date of payment | Corres. - Date of dividend | Total for year | Total last year |
|------------------|-----------------|-----------------|----------------------------|----------------|-----------------|
| Barclays         | 6               | May 14          | 12                         | 15.15          | 21.15           |
| Boddington       | 4.7             | Apr 20          | 4.25                       | 7.3            | 6.8             |
| Braine (TF & JH) | 8.5             | May 8           | 8.5                        | 8.75           | 8.75            |
| Ferry Pickering  | 24              | Apr 30          | 3.4                        | 7.5            | 5.5             |
| Galliford        | 0.51            | Apr 5           | 0.85                       | 0.85           | 4.3             |
| Hambro Country   | nil             | nil             | 0.05                       | 0.05           | 0.05            |
| Intereurope Tech | 2               | Apr 30          | 2                          | 7.4            | 7.4             |
| Ladbroke         | 8.23            | July 1          | 8.23                       | 11.15          | 11.15           |
| Life Sciences    | 2.25            | May 7           | 2.2                        | 3.55           | 3.35            |
| Lloyds Smaller   | 1.85            | May 7           | 1.85                       | 3.55           | 3.35            |
| MTL Instruments  | 2               | May 5           | 1.8                        | 3.6            | 3.4             |
| Pentos           | 0.8             | Jun 30          | 2.05                       | 1.5            | 2.75            |
| Renfrew          | 2.5             | Apr 28          | 2.5                        | 6.5            | 6.5             |
| Sears            | 1.7             | July 1          | 1.5                        | 2.8            | 2.8             |
| Shires Int       | 4.22            | Apr 30          | 4.2                        | 18.4           | 18.4            |
| Sumit            | 1.4             | May 21          | 1.25                       | 1.4            | 1.25            |
| Unidare          | 11.44           | May 10          | 10.9                       | 15.7           | 15              |
| Williams Hodge   | 7.51            | May 28          | 7.35                       | 12.5           | 12.35           |

Dividends shown pence per share net except where otherwise stated. 10n increased capital. \$USM stock. 23rd interim, makes 12.5p to date. Irish currency. 2For 18 months.

### NOTICE OF PURCHASE OFFER

#### Bell Resources Financial Services N.V.

#### U.S.\$200,000,000 5 1/4 per cent. Guaranteed Convertible Subordinated Bonds due 2002

Unconditionally guaranteed on a subordinated basis by, with non-detachable subordinated conversion bonds issued by, and convertible into Ordinary Shares of A\$0.50 each of,

#### Australian Consolidated Investments Limited

ACN 008 670 924

(formerly called Bell Resources Ltd.)

NOTICE IS HEREBY GIVEN that Australian Consolidated Investments Limited ("ACIL") will purchase any or all of the principal amount now outstanding of the U.S.\$200,000,000 5 1/4 per cent. Guaranteed Convertible Subordinated Bonds due 2002 (the "Bonds"), issued by Bell Resources Financial Services N.V. and guaranteed by ACIL, presented in the manner specified below) during the period from and including Friday, 8th March, 1993 until no later than 12.00 midday (London time) on Friday, 18th March, 1993. ACIL however reserves the right to extend this offer for such period as it may determine and may thereafter at any time modify such extension in its absolute discretion. ACIL shall not be obliged to notify any party of such extension or subsequent modification.

Payment for Bonds so presented will be made by ACIL on the Friday in the week immediately following the week in which such Bonds are so presented (or if such Friday is not a Business Day in the place at which such payment would otherwise be made, on the immediately succeeding Business Day in such place), at a price of 115 per cent. of their principal amount (which amount includes all interest accrued to the date of settlement). For the purposes of this purchase offer:

(a) a Bond shall be deemed to be presented in a particular week if it is presented during the course of that week in the manner specified herein PROVIDED that it is so presented after 12.00 midday (London time) on the

Friday of that week, it shall be deemed to have been presented on the first Business Day in the following week; and

(b) "Business Day" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

ACIL's offer to purchase Bonds is subject to the condition that Bonds must be presented together with all interest coupons maturing after 2nd June, 1992.

The holder of a Bond wishing to accept this purchase offer should complete and deliver to the specified office of any of the Paying Agents listed below, not later than 12.00 midday (London time) on Friday, 19th March, 1993 (or, if ACIL exercises its right referred to above to extend this purchase offer, not later than the time and date so determined by ACIL to be the close of the offer period), an Acceptance Form in the form obtainable from any such Paying Agent together with the relevant Bond and all unmaturing interest coupons appertaining thereto.

In the case of a Bond held in Euroclear or Cedel, the Bondholder may make arrangements with the Principal Paying Agent and Euroclear or, as the case may be, Cedel for the relevant Bonds to be delivered through the relevant clearing system to the order or satisfaction of the Principal Paying Agent.

An Acceptance Form, once delivered, shall not be revocable without the consent of ACIL.

The specified offices of the Paying Agents referred to above are as follows:

#### PRINCIPAL PAYING AGENT

The Chase Manhattan Bank, N.A.  
Woolgate House  
Coleman Street  
London EC2P 2HD

Chase Manhattan Bank  
Luxembourg S.A.  
8 Rue Pictet  
2338 Luxembourg

#### PAYING AGENTS

Chase Manhattan Bank  
(Switzerland)  
63 Rue du Rhône  
1204 Geneva

Banque Bruxelles Lambert S.A.  
Avenue Marnix 24  
1050 Brussels

Any questions with regard to this Notice may be directed to Mr. Christopher Ridge at NatWest Securities Limited (Telephone no: (71) 375 5000).

In accordance with its normal practice, The Law Debenture Trust Corporation p.l.c., its trustee for the holders of the Bonds, expresses no opinion on the merits of the purchase offer and has not been involved in any negotiations in relation thereto but has authorised it to be stated that it has no objection to the form in which the purchase offer is presented to the Bondholders for consideration.

This Notice is given by:  
Australian Consolidated Investments Limited  
Level 41 Gateway, 1 Macquarie Place, Sydney, NSW 2000, Australia

Dated: 5th March, 1993

## COMPANY NEWS: UK

## Berkeley makes £44m cash call

By Andrew Taylor,  
Construction Correspondent

BERKELEY GROUP yesterday took advantage of the revival in the UK housing market to announce a £44m cash call on shareholders.

It is the second housebuilder in a fortnight to announce a rights issue. The company is offering one new share at 255p for every four already held.

The fund raising follows a £33.6m issue announced last month by Bellway. The companies plan to use the cash to buy land. Both previously had rights issues in 1991.

Berkeley's share price yesterday rose 11p to 371p following its latest cash call. The announcement included a promise to increase the final dividend to 4.35p for the year to April 30 1993.

This would make a total of 6p, representing a 20 per cent increase on 1991-92. The company said that the new shares will receive the increased final dividend.

The company forecasts that pre-tax profits for the current

year would rise by at least 19 per cent, from £12.6m to not less than £15m. Earnings per share would increase from 13.1p to not less than 15.7p after allowing for the increased share capital.

Mr Tony Pidgley, managing director, denied that the company was being opportunistic in asking shareholders for more cash just two years after its last rights issue. This also raised £44m.

This money had been used, said Mr Pidgley, to finance land purchases, the acquisition of housebuilder James Crosby and to expand the group's commercial property joint venture with the Saudi Arabia Saad Investment.

The group had been able to increase sales, offset falling house prices and maintain its margins by purchasing low priced land. It expected to have sold approaching 1,200 homes in the current financial compared with just 491 the previous year.

Mr Pidgley said the company was not raising the money speculatively but was already negotiating to buy several sites

## Berkeley Group

Share price (pence)



Source: FT Composite

able sites which would enable it to increase the number of regions in which it builds.

The company, which specialises in more expensive up-market homes, currently operates in the south, the Midlands and north-west England.

The rights issue has been underwritten by County Nat West Brokers are SG Warburg Securities.

## COMMENT

The trading ability of Berkeley's managing director to buy and sell land and houses is matched by few builders. Net margins on house sales of 10 per cent during the second half of last year are a tribute to the company which is well placed to take advantage of a housing market revival. Shareholders, however, might feel a little aggrieved that the company has not called on banks to raise cash, especially as it currently has no debt. It is reflection of the times that companies which do not need a rights issue receive a warm welcome while those that desperately need money to strengthen crippled balance sheets may not risk asking the market for funds. Berkeley, however, could be looking at profits approaching £25m before tax next year on sales of 1,500 homes, giving improved earnings of 22p on the increased capital. The company deserves its high rating despite a yield of little more than 2 per cent on the higher dividend.

## MTL Instruments falls 19% to £3.7m

By Catherine Milton

MTL Instruments, a maker of electronic measuring devices, yesterday announced pre-tax profits down 19 per cent from £4.61m to £3.72m for the 1992 year.

The shares dropped 14p to 253p.

The group is proposing a final dividend of 2p bringing the total for the year to 3.6p (3.4p), payable from earnings per share which fell 20 per cent from 10.6p to 13.3p.

Group turnover increased 7.6 per cent from £18m to £19.4m.

There was an extraordinary gain of £630,000 (£552,000) because the group received a pension scheme surplus from pension funds established for founder directors.

No further refunds are anticipated.

The group received interest of £497,000, compared with £630,000 and the cash balance grew by £800,000 to £7.1m, mainly because of currency fluctuations.

Mr Ian Hutcheon chairman and chief executive, blamed the decline in profits on a 10 per cent rise in operating costs largely because of newly formed overseas sales companies in France and Germany.

He said that margins were further reduced by the exceptional costs of developing and introducing the new 4000 series of "intrinsically safe isolating interface devices" and that the decline in capital spending had increased competition because there are fewer contracts available.

The group was disappointed by an "insufficient flow" of profitable new products from its main subsidiary, Measurement Technology.

In an attempt to correct this Measurement's design and marketing departments had been combined under a new managing director, Mr Graeme Philp.

Analysts said the results were in line with expectations and that the US recovery should see some bounce in earnings next year.

## David Lloyd Leisure to join market with £70m tag

By Richard Gourlay

SHARES IN David Lloyd Leisure will come to the market later this month at 150p, valuing the tennis and fitness chain run by the former Davis Cup player at £70.4m.

The issue price represents 14.5 times earnings per share from forecast pre-tax profits for the year to end-September of no less than £5.5m. This forecast is supported by Robert Fleming, the group's advisers.

This earnings multiple represents a 5 per cent discount to the prospective multiple for the market as a whole. Earnings have been established after assuming a 20.6 per cent tax rate.

In total, Flemings will be raising £59m through the placing of 39,33m shares with institutional and other investors. Three quarters of the shares are being placed firm, and the balance is being conditionally

placed subject to clawback to meet public demand.

Some 72 per cent of the company's equity is held by Leisure Holdings, which wants an exit and is to sell all its stake. This will leave the company with £13.6m after expenses and Mr David Lloyd, chairman, said that combined with the cash flow and banking facilities, the proceeds would allow the group to develop an average of two new clubs each year for the next few years.

The pre-tax profits forecast reflected directors' confidence in current trading, and took account of membership renewal rates in October 1992 and the level of new memberships which was now ahead of budget.

The 150p flotation price represents a forecast gross dividend yield of 2.9 per cent.

Applications are due by March 11 and dealing is expected to start on March 19.

## COMMENT

The trouble with pricing David Lloyd's flotation is that the closest - but still not a close - comparison can be drawn with First Leisure, rated at a 47 per cent premium to the leisure sector. Clearly, management that is unproven in the public arena could not hope to start with a rating near that. Indeed, given the rapid recent increase in profits, a price at a 10 per cent discount to the sector is pitched correctly if investors have any doubts whether management can meet its forecast. But private investors should be encouraged by the transparency of David Lloyd's profits from early in the year, as so much of the company's income is derived from up-front subscriptions. These forecasts come after five months of the year are already in the bag, so the issue is likely to attract a good deal of public interest.

## Ex-Coloroll chief denies blame for Survival fall

MR JOHN ASHCROFT, former chairman of Coloroll Group, claimed yesterday that he was not to blame for the downfall of Survival Group, outdoor clothing and equipment company, placed in administration on Wednesday with total estimated liabilities of £1.7m.

Mr Ashcroft, Survival's chairman and managing director until December 1992, blamed the company's problems on the recession, which hit sales, and a delay in a refinancing needed to keep the business afloat.

He declined to say who was responsible for the hitch over the refinancing which he said he recommended in November. He added he personally would have taken a three to five year view of the company, in which he and two partners bought a 72 per cent stake in 1990. He said he holds a minority interest but is the largest creditor.

Cumbria-based Survival Aids, renamed Survival Group a year ago, was Mr Ashcroft's first acquisition following Coloroll's collapse with debts of

about £350m. Mr Ron Robinson of Buchler, Phillips & Traylor, the joint administrators, said yesterday he had already received a couple of approaches and was hopeful of selling the business and its name.

Mr Ashcroft followed a policy of swift expansion for Survival, increasing its retail outlets from three to 13, two of which closed in December. The other 11 shops, shut yesterday for stocktaking, reopen today, pending a decision by the administrators. A decision on the future of the company's 70 staff is expected today. Unsecured creditors, mostly trade suppliers, are owed more than £1.5m of the estimated £1.7m liabilities. One supplier owed a substantial sum said: "They were trying to open too many shops and reduce their stock accordingly to finance it. It's very sad."

In the year to September 30 1991, Survival made an operating profit of £54,000, and after tax profit of £11,000, on turnover of £4.6m.

## Trafalgar House opens Hong Kong office

By Roland Rudd

HONGKONG LAND'S growing influence over Trafalgar House has been underlined with the disclosure that the UK-based construction and engineering group is to open a corporate office in Hong Kong.

It will be run by Mr John Fletcher, a senior director who has been involved in most of the group's projects over the past decade.

He will continue as managing director of Trafalgar House Corporate Development, with worldwide responsibility for group deals.

However, one of Trafalgar's financial advisers said the decision to send Mr Fletcher to Hong Kong showed that it had accepted the need to work "much more closely" with Hongkong Land.

Trafalgar's engineering and construction contracts to the Far East are valued at £1bn.

## Hambro Countrywide cuts loss to £3m

By Andrew Adonis

HAMBRO Countrywide, the estate agency and financial services chain, cut its pre-tax loss from £6.5m to £3.14m following the sale of a 49 per cent holding in Hambro Legal Protection, which realised a gain of £6.6m.

The figures were prepared on the basis of FR 3.

Turnover fell 2.6 per cent from £93.2m to £90.8m, with losses per share up from 0.95p to 0.99p. As in 1992, the com-

pany is proposing to pass the final dividend, leaving shareholders with the nominal 0.06p per share paid after the interim results.

Pointing to estimates that the number of houses sold nationally fell by 23 per cent during 1992, the company believed it did well to achieve sales down by only 3.2 per cent.

The loss on the estate agency side was £13.6m, offset by profits from the sale of financial products. Hambro Guardian

Consultancy arranged 6,918 policies, up 95 per cent.

The estate agency chain was cut from 487 branches to 455. Mr John May, managing director, said that with a significant revival of business there were no plans for further cuts. The company was instead looking for "expansion in due course".

Net debt rose to £12.3m (£11.9m) at the year end, taking gearing to 23 per cent (22 per cent).

To break even on estate

agency this year, the company estimated it needs to increase sales from last year's 39,000 to about 43,000. On the basis of sales in the first two months - February was the best month since June 1988 - it believes it is well ahead of that target.

But, added Mr May, "recovery is fragile and many challenges and uncertainties remain". UBS Phillips and Drew are forecasting a return to the black for the first time since 1988, with profits of about £5m for the group this year.

## Bilston &amp; Battersea raising £750,000

By Nigel Clark

BILSTON & Battersea Enamels' decline continued in 1992 with a fall into full-year losses of £222,000, against profits of £120,000.

The shares closed 4p down at 28p.

The first-half improvement

in sales was reversed in the second. However, the West Midlands-based company was confident that a new strategy being put in place would enable results to improve. It is making a cash call to raise a net £750,000 to help finance the plans.

The company is issuing

422m shares on a 1-for-1 basis at 20p each. Most of the board are not taking up their entitlements, the majority of which are being taken by Mr Roger Foster, chairman and Mr Hugh Glenhill, managing director.

Mr Lindsay Bury, a company controlled by him, will take up the balance and is pro-

posing to sub-underwrite the issue. The result will be that he will control between 10 per cent and 27.5 per cent of the enlarged equity.

Turnover for the year was £3.96m (£3.99m). The pre-tax loss was after exceptional costs of £181,000. Losses per share were 4.1p (earnings 2p).

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## INVITATION FOR INTERNATIONAL PUBLIC TENDER

CONCESSION OF DRINKING WATER AND SEWAGE DRAINAGE SERVICES CURRENTLY PROVIDED BY DIRECCION PROVINCIAL DE OBRAS SANITARIAS (DIPOS) [PROVINCIAL BOARD OF SANITARY WORKS] OF THE PROVINCE OF TUCUMAN

Law N° 6071, Decree Ac. N° 07/1 - 83, Decree N° 288/3/93

## FIRST STAGE

OBJECT: CALL FOR PREQUALIFICATION OF BIDDERS INTERESTED IN THE CONCESSION.

## OPENING OF TENDERS

PLACE: HOUSE OF GOVERNMENT, White Hall, located at 90, 25 de Mayo St., 1st. Floor, City of San Miguel de Tucumán, REPUBLIC OF ARGENTINA.

DATE: April 19, 1993 (19.04.93) at 12.00 a.m.

VALUE OF BIDDING CONDITIONS: U.S. \$ 10,000.- (U.S. Dollar Ten Thousand).

SALE OF AND ENQUIRIES UPON BIDDING CONDITIONS: Bidding Conditions may be enquired upon or purchased as from February 18, 1993, (18.02.93) at the DIRECCION PROVINCIAL DE OBRAS SANITARIAS (DIPOS), Telephone 31-0182 Fax 31-0297, located at 129 Monteagudo St., in the City of San Miguel de Tucumán (Mail Code 4000), Republic of Argentina, or at the CASA DE TUCUMAN, located at 823 Bartolomé Mitre St., in the Federal Capital City of Buenos Aires, Republic of Argentina, Telephone: 40-4994 / 40-0655 - Fax 40-5185.

SUBMITTAL OF TENDERS: Bidders may submit their respective tenders at the DIRECCION PROVINCIAL DE OBRAS SANITARIAS (DIPOS), located at 129 Monteagudo St., in the City of San Miguel de Tucumán.

## REPUBLIC OF ARGENTINA PROVINCE OF TUCUMAN

Ministry of Economy, Secretariat for Public Works and Services  
Dirección Provincial de Obras Sanitarias (DIPOS)

## COMPANY NEWS: UK

Highlight was £122m profit in retail services

## Barclays suffers banking loss

By John Gapper,  
Banking Correspondent

A LOSS OF £414m in Barclays' UK banking operations in 1992, compared to a £98m profit the previous year, was the main factor underlying a £503m switch from profit to loss in Barclays' core banking division.

The banking division, which has £38bn of Barclays' £149bn assets, fell to a £251m loss (£252m profit) despite raising its operating profit before provisions by 27 per cent partly because of widening loan margins and increased fees.

A doubling of profits from £55m to £112m in the division's central retail services business, including its Barclaycard credit card operation, was a highlight amid other losses or poor levels of profits in other businesses.

UK banking operations outside branches slipped to a £139m loss (£27m profit)

because of a £154m rise to £181m in specific bad debt provisions on corporate lending. Much of this was due to five property-related borrowings.

Losses in North America fell to £16m (£223m). Barclays Bank of New York, the retail bank sold in December, made a profit before disposal costs of \$42m (£29.5m). Operations outside the US and Europe raised profits to £111m (£77m).

Business in continental Europe fell to a £107m loss (£31m profit). There were "very high" levels of bad debts in France and Germany. A loss of £58m (£3m profit) in France was caused by an £87m rise in provisions.

The BZW investment banking division achieved a 13 per cent rise in profits to £241m (£214m) as assets rose to £44.7bn (£37.8bn). Volatile currency markets towards the end of the year pushed up foreign exchange income to £288m (£218m).

Specific provisions for possible bad debts rose by 50 per cent in the UK to £1.98bn (£1.31bn). Those for other EC countries rose to £145m (£63m) while those for the US fell to £183m (£260m).

Almost £900m of the specific UK bad debt charge was accounted for by 27 provisions of more than £5m, including one of £240m to cover lending to Imry, the property developer.

The domestic interest margin - net interest income on assets - rose to 4 per cent (3.8 per cent). Domestic interest spread (the gap between interest paid on assets and received on liabilities) rose to 3 per cent (2.4 per cent).

Mr Andrew Buxton, chairman, said the increase in interest margin "reflects our determination to obtain a reward which is commensurate with our risk".

This was despite the bank passing on cuts in base rates to

small business borrowers.

Non-interest income rose by 12 per cent to £3bn (£2.7bn). Mr Buxton said it was "misleading" to attribute this increase solely to higher fees in the UK because it was helped by progress in fee earnings businesses within BZW.

After tax of £43m (£37,000), the group incurred an attributable loss of £343m (£242,000 profit). It paid out £243m in dividends (£338m) on a total dividend for the year of 15.15p (21.15p).

The deficit for the year of £583m (£96m) weakened its tier 1 core capital ratio to 5.5 per cent (5.9 per cent) while the total capital ratio, including tier 2 capital, rose to 9.1 per cent (8.7 per cent).

The bank sustained a losses per share of 21.4p (15.2p earnings). Net asset value per share fell 9 per cent to 325p (359p). The shares fell by 10 per cent, closing down 41p at 382p.

See Lex

## C&amp;W in C\$35m phone sale to Call-Net

By Bernard Simon in Toronto

CABLE AND Wireless has sold its Canadian long-distance telephone business to its chief competitor, Call-Net Enterprises of Toronto.

Call-Net paid about C\$35m (£19.6m) cash.

Cable and Wireless Canada had revenues of about C\$75m a year from 7,000 customers, mostly small and mid-sized businesses.

Mr Robert Watson, executive vice-president, said the company would now focus on securing the international business of large Canadian telecommunications users for the group's subsidiaries in other parts of the world.

C&W recently forged a link with BCE, the parent of Bell Canada, the country's biggest phone company.

BCE now has a 20 per cent stake in Mercury Communications, a C&W subsidiary.

Prior to the sale, Cable Canada was among the largest of the country's "resellers" of telephone lines.

By leasing lines in bulk from the established phone utilities and setting up their own networks, the resellers are able to offer substantial discounts on long-distance calls.

The resellers as a group have garnered 6.5 per cent of the market since regulators opened access to them in 1990.

Mr Watson said, however, that business was "very competitive" among a highly fragmented group of suppliers.

The deal firmly establishes Call-Net as the dominant reseller.

Call-Net said yesterday that the acquisition and a smaller one completed last week gives it about 15,000 customers and annual revenues of C\$175m.

It now claims to have a larger market share than all of its competitors combined.

## Systems integration side boosts Sema to £19.5m

By Paul Taylor

SEMA GROUP, the Anglo-French computing services company, yesterday reported a 39 per cent increase in pre-tax profits for the 12 months to end-December.

The rise reflected the success of the group's strategy of focusing on systems integration with a high technical content.

The profits figure increased to £19.5m compared with £14m on turnover from continuing operations ahead 12.9 per cent from £369m to £416.7m.

Operating profits increased to £17.6m (£15.5m). Net interest income of £383,000 compared to net interest charges of £2.53m.

Earnings per share improved by 20 per cent to 13.2p (11p) and the recommended final dividend is increased to 1.7p making a total distribution of 2.8p (2.6p) for the year.

The results excluded a £15.4m net capital gain, recorded as an extraordinary profit, from the sale of Sofres, the group's market research company, in January last year.

Proceeds of the sale were used to pay back borrowings and the group ended the year with net cash of £5m.

Mr Pierre Bonelli, chief executive, described the results as a most satisfactory performance and by far the best



Pierre Bonelli: improvement in profits included a strong performance of the facilities management business

since the 1988 merger which created Sema group.

He added that the realignment of currencies last autumn produced only a minor benefit, adding £400,000 to pre-tax profits and 0.2p to earnings.

Mr Bonelli said the improvement in profitability reflected a number of factors including the strong performance of Sema's facilities management business, which is now expanding from its UK base into Germany and Spain, coupled with the group's "commanding

strength" in specific systems integration markets.

Systems integration turnover jumped 15.2 per cent to £318.2m while facilities management revenues improved 8.8 per cent to £58.7m.

The BAESEMA joint venture established in 1991 to bid for large defence contracts in Europe, the Far East and the Middle East made profits in its first full year, while Sema's losses in Germany were reduced following a restructuring.

## MB-Caradon go-ahead for stake disposal

By Maggie Urry

Shareholders of MB-Caradon, the building products and security printing group, yesterday gave the board general powers to sell the group's 25.3 per cent stake in Caradon Metalbox, the European packaging company. The authority runs until next year's AGM.

Caradon Metalbox shares rose 157p yesterday to £28.25p, and have risen from £26.13p since MB-Caradon announced last month that it would seek authority to sell. There is speculation that a buyer of the stake could bid for the whole of Caradon Metalbox.

MB-Caradon shares rose 4p to 325p yesterday. The value of its stake has increased from £588m to £580m since it announced the possible sale.

The stake, which dates back to the merger of Metalbox Packaging and Caradon in 1989, earns a poor return for MB-Caradon, bringing in a dividend of £7.8m in 1991.

## N&amp;P declines 22% to £80.2m

By Philip Coggan,  
Personal Finance Editor

NATIONAL & Provincial, Britain's eighth biggest building society, saw pre-tax profits drop 22 per cent to £80.2m in 1992, after making bad debt provisions of £108.7m.

Specific provisions on residential property rose to £88.2m (£23m) and the society also

increased its general provisions to £10.8m (£1.7m). Total provisions were more than double 1991's £52.1m.

Operating profits rose by 22 per cent to £188.9m (£155m), thanks to an increase in net interest income to £262.4m (£213.3m). N&P's solvency ratio increased to 12.7 per cent from 11.1 per cent.

The society has made a com-

mitment to keep depositors informed about savings rates, following a wave of publicity that investors with other societies had languished in obsolete accounts. While the society said it had attracted over 400,000 new savings customers in 1992, Mr Alistair Lyons, finance director, estimated the commitment had cost the society £20m during the year.

that year's bad debt provision to £27.5m.

Over half the society's provision for bad debts in 1992 relate to commercial loans. Mr John Goodfellow, chief executive, said that the society had been exposed to the leisure sector and that pubs and hotels had been badly hit by recession.

Mr Ian Hepworth, finance director, and another director, Mr Arthur Jeanes, have resigned; three new directors have joined the board, Mr Ronald McCormick (as finance director), Mr Stephen Blizard

## Commercial loans undermine Skipton

PRE-TAX PROFITS of the Skipton Building Society fell 50 per cent to £4.1m in 1992 as the society increased its bad debt provision to £42.2m, writes Philip Coggan.

The society was also forced to restate its 1991 accounts to address a "fundamental error". Having taken the advice of its auditors and other advisers, a further provision of £3.25m was taken in respect of one commercial loan.

This reduced the 1991 pre-tax profits, previously stated as £11.5m, to £8.2m, and increased

(as operations director) and Mr Alan Scotter (as sales and marketing director).

Operating profits rose 30 per cent to £46.5m (£35.7m) in 1992 helped by an increase in interest margins and a reduction in management expenses. The cost to income ratio fell from 38.8 per cent to 32.7 per cent.

"Despite the huge fall in profits and the fact that capital ratios are on the low side, Skipton is now over the worst," said Mr John Wriglesworth, building society analyst at UBS Phillips & Drew.

## Acquisition-led growth helps Life Sciences advance 12%

By Andrew Adonis

LIFE SCIENCES International, the scientific instruments manufacturer, reported a 12 per cent increase in pre-tax profits, from £18.5m to £20.6m, over the 12 months to December 31 1992.

Turnover increased 21 per cent to £110.9m (£91.8m), assisted by a full-year contribution from Nestlab, the New Hampshire-based temperature control company acquired in 1991, and by the mid-year purchase for £2.65m of Anglia Sci-

entific Instruments, a Cambridge-based supplier to the histology market.

Organic growth in sales was 11 per cent, with demand particularly strong in the second half.

More than 80 per cent of the group's production and 60 per cent of its sales are in the US.

Most of its borrowings are in dollars, the strength of which helped push net debt up to £7.3m (£2.4m). Gearing, assessed in sterling, rose to 18 per cent (7 per cent).

Fully diluted earnings per share were 9.1p (8.6p); a final dividend of 2.35p is proposed, making a total for the year of 3.55p (3.35p).

Sir Christopher Bland, chairman, said US business was buoyant but UK demand for research laboratory products was weak throughout 1992, with no sign of an upturn since.

The company's strategy, he added, was to become increasingly international; it is looking for "appropriate acquisitions throughout the world".

## GLOBAL GOVERNMENT FUND LIMITED

International Depository Receipts (IDRs)

Morgan Guaranty Trust Company of New York  
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Members of Global Government Fund Limited (the "Company") will be held at the Bank of Bermuda Building, 4th Floor, Front Street, Hamilton, Bermuda, on Friday, March 12, 1993 at 9:00 a.m. for the following purposes:

- To approve the minutes of the Annual General Meeting of Members held on March 6, 1992 and on March 30, 1992.
- To receive the audited financial statements of the Company for the year ended December 31, 1992 and the Auditors' report thereon.
- To elect Directors.
- To approve the remuneration of the Directors for the period from March 12, 1993 to the date of the next Annual General Meeting.
- To authorise the Directors to appoint alternate Directors on their behalf.
- To appoint Auditors.
- To authorise the Directors to approve the remuneration of the Auditors.
- To approve the continued existence of the Company. If the Members do not approve the existence of the Company, the Members shall be deemed to have consented to the adjournment of the Meeting to 9:00 a.m. on April 6th, 1993 at the Bank of Bermuda Building, 4th Floor, Front Street, Hamilton, Bermuda in order to permit the completion of proceedings necessary to initiate the voluntary liquidation and winding-up of the Company.
- If the Members do not approve the continued existence of the Company, at the reconvened Annual General Meeting to be held on April 6th, 1993 the Members will consider and if thought fit, pass the following resolution: THAT Robin J. Mayor be appointed Liquidator for the purposes of such winding-up, such appointment to be effective forthwith.
- To transact such other business as may properly be brought before the Annual General Meeting.

## Voting arrangements for IDRs

- If the IDRs are held in an account with Euroclear or Cede, IDRs-holders must contact Euroclear (Equities Department - tel. 32-2-519.12.11 - telex 61023 MGTECA) or Cede (Securities Administration - tel. 352-44.99.21 - telex 2791 CEDEL LU) instructing them to block the IDRs in the IDR-holder's account until conclusion of the meeting and specify the manner in which the votes attributable to the IDRs should be cast.
- If the IDRs are not held in Euroclear or Cede, IDRs-holders must ensure that their voting instructions, together with either their IDRs or their bank's confirmation of deposit (including IDR serial numbers), reach the Depository at the address given below (Securities Department - tel. 212-508.34.49 - telex 21752 MORBK A) by March 10, 1993.

A fee of USD 1.00 per IDR in respect of which a vote is cast will be due to the Depository. IDRs-holders who instruct Euroclear to vote will be debited by Euroclear. The other IDRs-holders are requested to transfer the fee to Morgan Guaranty Trust Company of New York, New York, for account 670-01-422 of the Depository, under reference GLOB.GOV.F, AGM.

Copies of the information circular relating to the Meeting are available at the address indicated below.

Depository: Morgan Guaranty Trust Company of New York

35, Avenue des Arts, B-1040 Brussels

## LEGAL NOTICE

## THE INSOLVENCY ACT 1986

## LIBERTY PERIPHERALS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors will be held at Robson Rhodes, 186 City Road, London EC1Y 2NU on 12th March 1993 at 10.30 a.m. for the purposes mentioned in Section 99 and 100 of the said Act.

Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their debt, at the offices of Robson Rhodes, Robson Rhodes, 186 City Road, London EC1Y 2NU on 9th March 1993 and 10th March 1993 between the hours of 10.00 and 16.00 hours.

Dated this 2nd day of February 1993

Paul Barkland

Director

## BUSINESS SCHOOLS

The Financial Times proposes to publish this survey on:

April 21st 1993

Should you be interested in acquiring more information about this survey or wish to advertise please contact:

Sara Mason on 071 873 4874

or Melaine Miles on 071 873 3308

or Fax: 071 873 3064

FINANCIAL TIMES

## BUSINESS SCHOOLS

The Financial Times proposes to publish this survey on:

April 21st 1993

Should you be interested in acquiring more information about this survey or wish to advertise please contact:

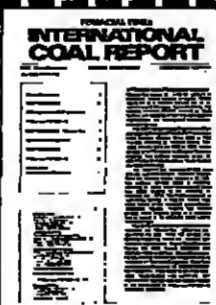
Sara Mason on Tel: 071 873 4874

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FINANCIAL TIMES

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## THE COMMON FUND FOR COMMODITIES,

an international financial institution engaged in the financing of commodity development projects on a worldwide basis, seeks:

## 1) CHIEF OPERATIONS OFFICER (D-2)

Functions: Under the direct authority of the Managing Director, the incumbent of the post will: - formulate, develop and implement the Fund's policies related to operational activities; - have overall responsibility for the Fund's relations (from operational stand point) with associated international commodity organizations, including inter alia, appraising and processing of commodity development project proposals, negotiation of project financing agreements and monitoring approved projects under implementation; - deliberate in the work of the Consultative Committee; - organize seminars. Essential qualifications: Relevant advanced university degree; excellent English, both spoken and written; working knowledge of French and/or Spanish is desirable. At least 10 years of proven managerial experience in work relating to international development projects, preferably in the field of commodities; extensive knowledge of international commodity trade. He/She will control the work of a small professional team and should possess good interpersonal skills.

Remuneration: (tax-free)

US\$ 62,405 p.a. plus US\$ 34,946 (variable post adjustment) - dependent rate

US\$ 57,375 p.a. plus US\$ 32,130 (variable post adjustment) - single rate

Deadline for application: 31 March 1993

## 2) ACCOUNTANT (P-4)

Duties: reporting directly to the Chief Finance Officer, the incumbent of the post will: - be responsible for providing periodic management and financial reports, including the preparation of annual financial statements for audit by the Fund's external auditors; - be actively involved in developing and enhancing computerized financial information systems; - be responsible for the preparation of the Fund's administrative budget together with subsequent control over the use of the budget; - ensure the smooth day-to-day running of the accounting system; - be responsible for implementing internal control procedures as recommended by the external/internal audit.

Essential qualifications: ACCA/CPA/ACA or equivalent, at least 8 years of experience in the field of accounting of which at least three at management level; good knowledge of computerized accounting systems, international accounting standards and Lotus 123 or similar; excellent English, both spoken and written; working knowledge of French and/or Spanish is desirable.

Remuneration: (tax-free)

US\$ 42,349 p.a. plus US\$ 23,715 (variable post adjustment) - dependent rate

US\$ 39,368 p.a. plus US\$ 22,046 (variable post adjustment) - single rate

Deadline for application: 19 March 1993

Other benefits of international civil service, including relocation, rental subsidy, family allowance, education grant and medical insurance contribution. Both positions are offered on the basis of a two year fixed-term contract with possibility of renewal.

Applications in English accompanied by detailed curriculum vitae, including date of birth and nationality, should be received not later than the dates indicated above and should be addressed to:

The Managing Director - Common Fund for Commodities

Stadhouderskade 55 - 1072 AB Amsterdam

The Netherlands

Only candidates with Member States nationality will be considered.

## RECRUITMENT

## JOBS: Evidence that sound selection tests can pay dividends even at basic levels of employment

## How to minimise an uninsured liability

FINDING a note on the desk to return Ken Miller's call, the Jobs column followed the scribbled instructions, got through and arranged to visit his house. He then gave the address, but hearing I planned to go by rail, offered to pick me up by car if I phoned him from the station. So I thanked him, and asked for his telephone number.

"You're calling me on it," said Dr Miller, an internationally esteemed taster of intelligence.

His voice took on the same pointed tone again when I rang on the due date itself to say that, having come by car instead, I couldn't find his house. It turned out that I'd arrived in a road with the right name, but located in entirely the wrong area.

He nevertheless agreed to stay waiting, probably because I wasn't going there for a hy then superfluous assessment of my intelligence. The purpose of my visit was to take one of the many other kinds of test administered from the same household - not just by Ken, but by Mrs Miller better known by her professional name of Barbara Tyler.

The test in question is the Work Attitude Scale, which, although popular with employers in the Millers' native Australia, is

little known in Europe. Hence their idea of inviting this Pom to come and have a shot at it.

Consisting of just 44 questions to be answered by ticking either "yes" or "no", it is normally completed within 10 minutes. But on being left alone to make my attempt, I ran into difficulties on only the second question, which asked: "Do you find yourself at times full of energy and at others find it hard to get going?"

What stumped me was not the bit about finding myself at times full of energy, which I sometimes do despite usually feeling quite the opposite. The trouble is that even when at my most energetic, I still find it hard to get going. So I went and explained the problem to Ken Miller, who studied me in silence for several seconds before saying the safest advice he could give was to answer "no".

Fortunately, things went well enough thereafter for me to finish the form just over 15 minutes after starting. But since it then took the good doctor a good deal less time to score my efforts and hand down his verdict, I was

surprised as well as pleased to come out pretty well.

In exploring people's attitude to work, the test measures three different aspects of character. And the first of them, technically termed service orientation, is essentially how we get on with our fellow humans.

Barbara Tyler was swift to emphasise that there are no hard and fast rules for deciding the right degree of sociability for jobs in general. A score on the stand-offish side could be a plus in work that requires distanced judgment. On the other hand, staff continually badgered by not always sympathetic people might do well to be more than usually gregarious. In the main, though, a score somewhere between the two will be preferable.

The next measure, which the test calls task focus, is of how far we accord with Ecclesiastes 9:10: "Whatever thy hand findeth to do, do it with thy might..." But while staff who take personal pride in their accuracy and high productivity are obviously more desirable than skippers,

those who elevate pride in the job to outright perfectionism tend to be handicaps.

Measure number three, termed work approach, is of the extent to which we characteristically take responsibility for the tasks entrusted to us. Here again the right degree will be determined by what is appropriate for the particular setting. Even so, since responsibility-addicts are apt to be bloody-minded, and their extreme opposites are averse to doing anything unless issued with detailed instructions, the best bet is once more a score in the mid-range.

So how did the Jobs column rate on the three yardsticks?

Well, for the benefit of any readers who happen to be top executives and in the market, here is the snapshot of me that would be handed to an employing outfit's chieftains:

**Service orientation** - A bit too open and easy-going.

**Task focus** - Takes pride in doing a good job.

**Work approach** - Accepts responsibility.

Hence, in the latter two, the test scored me squarely in the desirable mid-range. Moreover, while on the over-sociable side, I am only slightly so.

Alas I wasn't left preening myself for long before Barbara Tyler brought the chickens home to roost with a vengeance.

"Of course, those results say nothing about your ability for higher-level work such as managing and the professions," she said sweetly. "That's not what the process is designed to assess. All that it reflects is fitness for basic jobs - shopfloor manufacture, checking-out in supermarkets, hotel reception, bus conducting - up to the lowest rank of supervisor, perhaps, but not beyond it."

At which point I would dearly like to know whether readers' instant reaction is the same as mine was. I immediately felt myself losing all interest in the Work Attitude Scale and its applications. But any of us who shared that reaction should surely need only a second's thought to give us reason to feel

ashamed of our snobbish reflexes. For the fact that a job is ranked low in a hierarchy is clearly no gauge of its importance to the employing organisation, let alone to the welfare of humanity.

For one thing, there seems little doubt that anybody who can never have tried doing them properly. Even sweeping-up is something that can be done either well or badly, despite being an expertise that is most often noticed only in its absence.

For another, just as people who apply themselves cheerfully to basic work in the spirit of Ecclesiastes are an undervalued asset, skippers of it are an uninsured liability. Goodness knows how much harm they collectively do to the corporate interest. For example, if I had a fat research contract to hand to one of the universities, a good half thereof would already have disqualified themselves just by employing couldn't-care-less telephonists.

So it is to the credit of the Work Attitude Scale's Australian developers, Doug Mcleod and the

late Alf Chandler, that they twigged the decisiveness of low-ranked work. And, having twigged same, they also look to have devised a useful test of some of the necessary abilities.

True, the personality factors the WAS measures are only part of the mix required, as Barbara Tyler says, physical looks can often be no less important. True, too, that the Millers stand to gain from the test's wider usage.

Even so, evidence of its value is there to be seen in before-and-after studies of its effects in companies. Gauged by reductions in basic staff departures both voluntary and otherwise, the improvements range from 17 to 57 per cent, with an average of 31. The testing cost of achieving them is under £20 a candidate.

Any employer minded to use the test should nevertheless check the facts personally. For the Jobs column, or at least its present writer, now also has a vested interest. With retirement age looming next year, I'm glad to have the WAS certification of qualities that should make me an almost ideal checker-out in a supermarket - if I can only find my way to it, that is.

Michael Dixon

## General Manager

London bank branch

City £100,000+ and bank benefits

A southern European bank, the third largest in its country, with income exceeding £45m, is seeking an experienced Banker to set up and develop its London branch.

The General Manager will be responsible for implementing the business plan and be fully accountable for all UK activities ranging from business development, trading, financial and regulatory requirements to human resources. Target markets will include spot and forward foreign dealing, interbank trading and securities. Therefore a good knowledge of these markets must be demonstrated.

It would be an advantage to possess an understanding of southern European cultures in order to develop business with country nationals in the UK and internationally. Experienced banking professionals who find the creation of a business an enjoyable and rewarding challenge should send their CVs, stating current remuneration, day and home telephone numbers to James Forte at the address below, quoting reference 5673.

**KPMG Selection & Search**  
2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

NORTHERN BANK  
Chief Executive

Excellent remuneration package

Belfast

Northern Bank Group, a member of the National Australia Bank Group, is the oldest and largest provider of financial services in Northern Ireland with a dominant market share in retail banking. Subsidiary companies provide leasing, factoring, financial services and insurance. The Chief Executive is required to capitalise on the Bank's strengths and further develop banking services to the industrial/commercial and personal sectors.

## THE APPOINTMENT

- Develop a strategic growth plan.
- Increase revenue, reduce the cost/income ratio.
- Maintain and extend links with government and the commercial, industrial and agricultural community.
- Develop a strong management team with succession planning.
- Engender a highly professional and commercially successful environment.

## THE REQUIREMENTS

- Senior management experience at Board level.
- Successful business leader with strong leadership qualities.
- Excellent marketing skills and well developed commercial awareness.
- Fully committed to holding a premier position in the community.
- Excellent understanding of asset/liability management, lending and risk management.
- Ability to work with, and integrate into the structured environment of a global business group.

Interested candidates should write with a full CV, quoting reference 6473/B, to K/F Associates, Pepsy House, 12 Buckingham Street, London WC2N 6DF.

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LONDON

GRADUATE CALIBRE

Our client is one of the most respected financial institutions in the world. The bank's foreign exchange product enjoys a pre-eminent status from both an interbank and customer perspective. At the heart of this success is the ability to convert outstanding potential into dealing excellence. As part of further global development and to keep ahead of market changes, the bank has decided to strengthen its London presence via the appointment of three young spot dealers.

## SPOT SWISS

The successful candidate will be a graduate, in his/her mid 20's, with at least 12 months' experience in trading Swiss or Swiss crosses. An apprenticeship from a Swiss centre would be a distinct advantage as would relevant linguistic ability.

## SPOT FX-GENERAL

Two spot dealers with 2/3 years' book-running expertise. The quality of previous experience and institutional provenance are more important than currency coverage as there is scope for internal reorganisation. Degree qualifications preferred.

Dealers will be afforded considerable latitude in a risk-orientated environment.

The bank has a unique culture which places strong emphasis on the "team" philosophy. Remuneration and prospects are second to none.

Interested candidates should contact Nick Bennett or Andrew Stewart on 071-248 3653 or write, sending a detailed CV to BBM Associates Ltd (Consultants in Recruitment) at the address below (or use our confidential fax line on 071-248 2814).

76, Watling Street, London EC4M 9BJ

**BBM**  
ASSOCIATES

Tel: 071-248 3653 Fax: 071-248 2814

## MARKETING OFFICERS

A leading International Trust Company with representation in Bahamas, Bermuda, Cayman, Channel Islands and Isle of Man is seeking to expand its Marketing team.

Applicants will demonstrate a successful track record in International Private Banking or a related professional field such as Law or Accountancy. They must also be highly motivated and have the ability to work in a sophisticated environment. Extensive travel will be necessary and in addition to English the ability to speak another European language could be a distinct advantage.

An attractive benefits package commensurate with a leading financial institution will be offered together with relocation expenses.

Preliminary interviews will be held in the British Isles.

Detailed Curriculum Vitae should be sent in the strictest confidence to Box Number A737, Financial Times, One Southwark Bridge, London SE1 9HL.

RESOURCES AND  
TRADING MANAGER

London

Negotiable package

One of the world's largest oil and gas companies, this group has successfully pursued a policy of developing its existing activities and diversifying into associated industries. As a result of its continued development in the UK, it needs to strengthen its trading function.

Responsible for a small specialist team, you will be active within the trading room and liaise with both refinery and overseas locations to ensure an equilibrium of resources through the buying and selling of finished products and, to a degree, crude and feedstocks. In addition, you will be involved in refinery planning - balancing output with marketing demands in terms of product mix, volumes and quality.

Ideally, you should be aged 30-35 with a degree in chemical engineering and approximately ten years' oil industry experience during which you have been involved in refinery planning, blending and scheduling. More importantly, you must have worked in a trading role dealing in finished products and/or crude. This background could have been gained within a major oil or trading company provided that the required range of experience has been obtained in previous roles. Well-developed communication and interpersonal skills, coupled with the ability to persuade and influence effectively and to develop good relationships with key areas of the business, are essential qualities.

To apply, please send your cv to Andrew Millard, Ref: 6000/AGM/FT, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR.

**PA Consulting**  
Group  
Creating Business Advantage

Executive Recruitment • Human Resource Consultancy • Advertising and Communications

c. £50,000 +  
bonus + benefits

Major European Bank

City

## Structured Finance

Ideal stepping stone for an experienced corporate banker to join this prominent structured finance team handling a broad range of financings for UK corporates. The team is at the forefront of this discipline and has seen significant success. The bank has an established position in the London market, an excellent credit rating, sound profit history and extensive international network. The position offers the prospect of progression into a line management role.

## THE ROLE

- Source new transactions across acquisition financings, buy-outs and buy-ins and other corporate financings, marketing externally to third parties and internally to relationship managers.
- Research and structure debt transactions assessing the risk profile, actively influencing negotiations with the client and other advisors and winning approval with the credit committee.
- Use the bank's network to effectively increase the profile of the bank's transaction capability as an arranger and heighten awareness of the team's philosophy to new business.

## THE QUALIFICATIONS

- High calibre graduate with formal credit training. Five to ten years' experience in arranging and underwriting structured finance with a first class international bank. Broad exposure to UK corporates. European languages helpful.
- Proven analytical skills with thorough knowledge of financial modelling. Direct line experience of the credit process, combined with sound transaction management and deal negotiation skills.
- Collegiate approach, keen to work in a small cohesive team. Strong personal impact with the confidence to win the trust of clients, the bank's senior management and third party advisors.

London 071 973 0889  
Manchester 061 437 0375

**Selector Europe**  
A Spencer Stuart Practice

Please reply, enclosing full details, to  
Selector Europe, Ref: F747503SL,  
16 Cornhill Place,  
London EC2R 2ED

## Global Treasury Risk

Bankers to be trained in Computer Systems as  
Business Analysts, Senior Business Analysts and Project Managers  
**£30,000 - £70,000**

This IT based systems company provides the most sophisticated information available for 24 hour global treasury risk management, covering all instruments that are likely to be traded by banks on large corporate treasuries.

Their success has led to the number of opening of a London office to provide implementation and support expertise in their prestigious European clients.

These opportunities are for bankers who want to transport their banking knowledge to the innovative and fast-moving world of banking software.

Please send your CV to Mark Jones quoting Ref: FT 993

IRENS & CO., 17 WIGMORE STREET, LONDON W1U 8LS, TELEPHONE: 071-380 5816

The requirements are:

- 7 to 15 years' experience from support or back-office experience, especially Treasury Instruments covering such areas as FOREIGN EXCHANGE, MONEY MARKET SWAPS, OPTIONS, FRAs, FORWARD DEALING, INTEREST RISK, LIQUIDITY RISK, SETTLEMENTS.
- A high degree of mobility as projects in Europe can be of 1-4 months duration or regular relocation.
- A high level of professional, flexible, strong presentation skills and where relevant experience of managing substantial projects.

**IRENS & CO.**  
SEARCH & SELECTION

## SENIOR FOREIGN EXCHANGE CUSTOMER DEALER

A MAJOR AMERICAN BANK

Salary £Negotiable

Full Banking Benefits

We are seeking to add to our active FX Customer desk a Senior Dealer who specialises in dealing with UK and European Financial Institutions, specifically Asset Managers, Pension Funds and Insurance Companies.

Please write enclosing CV with qualifications, experience and current salary to  
Box A738, Financial Times, One Southwark Bridge, London SE1 9HL

## Financial Sector Consultancy

London based

£negotiable + car + benefits

The KPMG Peat Marwick name is synonymous with quality and professionalism providing consultancy, accountancy and other services to over 1,000 financial institutions in the UK. As part of the continuing development plans of our Financial Sector consultancy business, we are now looking for additional team members to assist our clients in the following key positions.

### Credit Risk Consultant

We wish to recruit a senior consultant who has a detailed knowledge of the credit risk management process. He or she will probably be a graduate with a banking, accounting or MBA qualification and a minimum of three years' relevant experience with one of the UK's clearing banks.

Successful candidates are likely to possess some formal credit training and will have acted as a relationship officer in lending or have worked in a specialist credit policy or central approval unit. Candidates should also possess strong interpersonal and presentation skills and work well in a team environment. Ref: P3650/1.

### Treasury/Derivatives Consultant

We have built up a reputation for specialist expertise in this area and the consulting team urgently seeks to recruit an accountant with hands-on experience of the treasury/derivatives field. He or she will be a graduate and must possess a minimum of two years' experience working in the treasury of a large bank who is seen to be a respected player in this field. Successful candidates must be able to demonstrate a thorough understanding of the wide range of instruments available in the capital markets arena, as valuation and advice on risk management will form a major part of their brief.

Self confidence, team spirit and an eye for detail are key attributes for this role. Ref: P3650/2.

**KPMG** Selection & Search

2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

### Retail Banking Consultant

This highly specialised area concerns advising our impressive retail client base on matters such as cost reduction and business process redesign. To add weight to the existing team we now wish to recruit a self-motivated and innovative individual who has spent a number of years working in the retail banking sector.

Probably aged in their mid 30s, successful candidates are likely to have been employed in a clearing bank or major building society, having gained wide experience of the back office operations which exist in a branch network and regional processing centres. The appointee is likely to be a graduate with a suitable banking qualification. Ref: P3650/3.

### Strategy Consultant

Due to the continuing demand for the provision of policy and strategic advice to the top management teams of leading financial institutions, we now require an additional consultant to join our strategy team. The ideal candidate will be a graduate, probably an MBA, with several years' experience of business planning within a major financial institution and/or experience of managing strategic studies in the financial sector with a leading management consultancy firm. Fluency in additional European languages would be an advantage.

Successful candidates will demonstrate analytical and communication skills of the highest order, as well as familiarity with the major issues currently facing European financial institutions. Commitment, self-confidence and a willingness to travel extensively are prerequisites for this post. Ref: P3650/4.

Interested candidates for any of the above positions should write to Anna Panton enclosing full career and salary details quoting the relevant reference number.

## COMMERCIAL LICENSING MANAGER

To sharpen the commercial and fiscal edge  
of this leading music copyright society

c. £40,000, car + excellent benefits

Central London

The Performing Right Society ensures that composers and music publishers receive payment for the public performance and broadcasting of their works; representing over 25,000 members, with a revenue approaching £150 million, it is the UK's largest copyright administration society. About one third of the Society's revenue comes from licence fees paid by commercial users and promoters of music - ranging from concerts and discotheques to pubs, clubs, and stores. It is important that such licensees should appreciate that music is the intellectual property of its composer and publisher, and that the healthy future of the music industry, and its role in the lives of all of us, can only be assured by ensuring that they are properly rewarded. Part of this job, therefore, is about image, promotion and changed perceptions - but the other major aspect is the hard nosed scheduling and application of licence tariffs to the widest possible market (often after discussions with trade bodies or complex submissions to Tribunals). Ideal candidates, therefore, will have worked in a consumer facing organisation, developing a commercial bite every bit as strong as their professional bark (which will probably be founded on a legal, financial or secretarial qualification). They should also be keen to be part of a change process which is bringing a respected ensemble up to peak performance, giving its members confidence that all the right notes are being hit. Please send full career details, quoting reference WE 3116, to Peter Whitaker, Ward Executive Limited, 4-6 George Street, Richmond-upon-Thames, Surrey TW9 1JY.

**WARD EXECUTIVE**  
LIMITED  
Executive Search & Selection

**PRS**  
GIVING MUSIC ITS DUE

## Investor Relations

Our client - a young and rapidly growing biopharmaceuticals business - derives its impetus and excellent reputation from a combination of strong academic links and the innovative application of science.

Your task as Corporate Communications Manager will be to build on the company's success to date through developing and implementing a comprehensive programme of investor relations, corporate and financial communications initiatives.

Reporting directly to the CEO, this high profile role will involve extensive liaison with investors, analysts, advisers and commentators on both sides of the Atlantic. To this end, you'll need the presence and personality to establish yourself as the focal point for all relevant information and communications. A graduate with, preferably, further academic or business qualifications, you'll need an impressive track record in the analysis, presentation and interpretation of scientific and corporate information. Experience gained in an innovative, technology-based, commercial organisation is essential, as is the personal and professional credibility to communicate effectively at all levels. Beyond this, you'll need a good understanding of City institutions and the requirements of both the UK and US investment communities.

In return for your dedication, experience and expertise, you'll receive an excellent salary and a comprehensive benefits package. For the right person, career development opportunities will be outstanding.

To apply, please write enclosing a full CV and salary details to Elizabeth Marlow, at Macmillan Davies, 52-54 Broadwick Street, London W1V 1PF, telephone 071-494 1144, fax 071-734 4678, quoting reference GM2982.

Cambridge

c£30,000  
plus benefits  
and share options



**Macmillan Davies**

SEARCH & SELECTION

## JAPAN & FAR EAST EQUITY/DERIVATIVE SALES

Amsterdam, Brussels, Singapore

£ Substantial Package

Our client is a rapidly expanding investment advisory company specialising in the Japanese and other Asian securities markets. It has quickly built a substantial market share in an adverse climate. A conservative cost base, experienced staff and orientation towards client service provide the ingredients for further successful growth in the 1990's.

The successful candidates will be experienced sales people who can demonstrate a successful track record of selling a full product range to institutional investors in Europe and/or the Far East. They will also be highly motivated and will enjoy being part of a team orientated organisation where they will be encouraged to develop their clients' full potential.

by utilising all the facilities that the company puts at their disposal.

We are also interested in talking to experienced sales people and fund managers who may prefer to work on an associate or affiliate basis, making use of the company's facilities.

The company offers a dynamic environment where career progression depends entirely on an individual's drive and determination to succeed.

The compensation package reflects the company's ambition to attract people of the highest quality.

If you feel that you meet the exacting standards required, send your CV to Jonathan Cohen, at the address below.

12 Curzon Street  
London W1Y 7FJ

LONDON PARIS



MAINTENANCE

Tel: 071-413 0972  
Fax: 071-413 0977

## SENIOR MARKETING EXECUTIVE

INVESTMENT  
PRODUCTS

SOUTH EAST

One of the UK's leading Financial Services Groups wishes to recruit a Senior Marketing Executive to control the sales and marketing of pension fund management, unit trusts and PEFS.

This new position will be accountable specifically for the design and implementation of new products; the development of a sales team and the production of sales and marketing literature, brochures, technical communications, client review reports etc.

This is a senior position and it is unlikely that suitable candidates will be aged under 35 or currently earning less than £50,000 per annum.

A degree, with preferably SIA/IMR qualifications, is desirable but high technical competence and knowledge, together with proven marketing and communication skills are essential.

It is likely that the successful applicant will have already carried out a similar role with another substantial Investment House.

A comprehensive range of benefits, including a fully expensed Company car, private medical cover, very generous non-contributory pension scheme and subsidised mortgage facilities will be offered together with a salary commensurate with the seniority of this very important function. In appropriate circumstances, generous relocation assistance will be offered to an attractive part of South East England.

In the first instance, please write, in confidence, enclosing full personal and career details to the address below.

All replies will be forwarded direct to our client. Therefore please state in a covering letter any companies to whom you do not wish your details to be sent.

**bhp**

CONFIDENTIAL  
REPLY  
SERVICE

Maureen Ridgeon, Recruitment Division, The Bastable Hazlett Partnership,  
4 Bourville Street, London EC4Y 8AB.

### EXPERIENCED CURRENCY OPTIONS BROKER

We are one of the world's leading money brokers. We wish to strengthen our currency options team by the addition of an experienced broker.

The ideal candidate will be a graduate with an MBA in Finance (and International Systems) and will have an excellent product knowledge previously obtained from a previous banking background.

An established account base, along with a proven ability to expand new accounts is a must. Other essential qualities include teamwork, good communication skills and a sound understanding of the relevant markets.

An excellent salary and benefits package is offered to the successful applicant. Please apply, enclosing full details of your educational qualifications and previous experience to: Box A730, Financial Times, One Southwark Bridge, London SE1 9HL.

### INSTITUTIONAL SALES

An established independent agency broker is seeking experienced and self-motivated salesmen operating in either the equity or bond markets to service their own client base. Excellent back up facilities are provided by a supportive team.

We are prepared to discuss remuneration on either a salaried or commission basis.

Write to Box A740, Financial Times, One Southwark Bridge, London SE1 9HL.

## EUROPEAN EQUITY FUND MANAGER

City

Excellent Package

Our client is the institutional investment management arm of a major British bank with substantial funds under management and an excellent performance record. As a result of increased business levels, an opportunity has arisen for an additional fund manager to join the European equity team.

The role will principally focus on investment in Germany and on smaller German companies in particular, and will involve a significant level of fundamental analysis and regular visits to the country. Other responsibilities will include contribution to the asset allocation process and assistance to other European portfolios managed.

Candidates will be graduates in their late 20's or early 30's with fluent German and a minimum of 3 years experience of managing European funds which include a German content. Personal qualities will include good verbal and written communication skills, self motivation and the ability to contribute to a team.

The position presents excellent career development opportunities. Compensation will combine a highly competitive salary and attractive banking benefits to include a car and subsidised mortgage.

Please reply in confidence quoting reference No: 4674, at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307 or Fax: 071-489 1130.

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**CJA**

RECRUITMENT CONSULTANTS GROUP  
2 London Wall Buildings, London Wall, London EC2M 5PP  
Tel: 071-588 3588 or 071-588 3576  
Fax No. 071-256 3501

Challenging opportunity for a strong communicator to gain valuable experience by building a global cash management operation and further developing the treasury function as a 'bottom line' contributor.



**CASH MANAGEMENT/CORPORATE TREASURY**

CENTRAL LONDON

£40,000 - £45,000 + car

### LEADING INTERNATIONAL HOTEL GROUP

For this key role, within a recently established treasury function, we invite applications from graduates or equivalent, who are likely to be in their early thirties. You will have 3-4 years' wide ranging international cash management experience gained in a banking and/or corporate treasury environment, including a sound practical understanding of all technical aspects. Fluency in a second European language whilst not essential will be an advantage. As the selected candidate reporting to and working closely with the Group Corporate Treasurer you will be responsible, with a small team, for the establishment and operation of a global cash and foreign exchange management system working with hotel controllers worldwide. Specifically this will include: moving monies within countries and cross border, particularly on a Pan European basis; the selection and implementation of a global cash management bank; selection, installation and maintenance of a relevant treasury workstation computer system; management of the group's short-term investments, as well as devising systems for tactical cash flow forecasting and the recording of funds movements. Essential qualities are: the ability to work on your own initiative; a mature, level headed, 'hands-on' approach to work; strong communication skills plus the ability to 'sell the benefits of the treasury function' in a multi-cultural, multi-lingual organisation. Initial salary negotiable in the range £40,000-£45,000, car, contributory pension, free life assurance, BUPA, assistance with removal expenses if necessary. Applications in strict confidence under reference CMC74885/FT, to the Managing Director, CJA.



## ACCOUNTANCY COLUMN

Analysts seek a standardised view of company performance

## Measuring earnings after FRS3

The Institute of Investment Management and Research, formerly the Society of Investment Analysts, has published an *Exposure Draft* proposing a standardised treatment of a company's trading earnings for use by analysts, commentators and other observers. A shortened version of the paper follows.

THE first sentence of paragraph 32 of FRS3 states "It is not possible to distil the performance of a complex organisation into a single measure". This is manifestly true. The performance of a company is reflected in a complex and interlocking set of figures, which themselves interrelate with the industry and economy. If FRS3 can begin to unravel the myth that a single number determines share prices, a considerable step forward will have been taken. Nevertheless, there are several reasons why efforts should be made to delineate some clearly acceptable earnings figure for figures).

First, in evaluating a company the stock market must order published information in some useful way. If this is so, it would be desirable that the information should be as far as possible ordered in that way in the calculations of earnings.

Second, there are a large number of users of accounts who do not have the time or the expertise to make the detailed investigations which are distilled into the final market price.

Whatever other requirement there may be for an earnings figure it is clearly desirable, indeed virtually necessary, to define a figure for the company's earnings for the year which can be used as an unambiguous reference point between users, the

press, the statistical services, etc. This raises the possibility that such a figure should also be used in preliminary and interim announcements as a statement of earnings, and how they compare with the previous year.

The figure - to be known as IIMR headline earnings - should for these purposes have certain characteristics.

First, it should be a measure of the company's trading performance in the year, not confused with capital items. Second, it should be as far as possible be robust. That is, the calculation should be one that can be carried through by anyone presented with the building blocks of the calculation.

Third, the figure should be factual, including incomes and costs which actually occurred.

However, headline earnings, because they robustly and factually represent the past, will not necessarily be the best basis for forecasts of future earnings. Such forecasts require a great deal of judgment and this is where individual analysts or research firms can add value on behalf of their clients. The practical usefulness of the headline earnings figure is, however, its justification. No one earnings figure can do everything.

These considerations lead to a standard definition of the headline earnings, calculated for the purposes set out above. It is intended as an additional figure, which can be reconciled to FRS3 figures subject to the points discussed below. (see table). The guiding principles follow.

All the trading profits and losses of the company for the year (including interest) should be included in the earnings number. Items which are abnormal in

size or nature are included. Profits and losses on the sale of fixed assets or of businesses should be excluded. This does not apply to assets acquired for resale.

Profit and losses arising in activities discontinued at some point during the year, or in activities acquired at some point during the year, should remain in the earnings figure. The costs of eliminating a discontinued operation, or making an acquisition, and the profits and losses on any disposals, should be excluded.

Prior period items, and the effect of changes in accounting policies and of past fundamental accounting errors should not affect the current year's calculation of earnings.

Goodwill should not affect earnings in any way. Variations in pension fund contributions (and other post-retirement benefit provisions if any) should be included in earnings, but prominently displayed if of significant size.

Capital and trading items which arise in currencies other than the reporting currency should be handled in the same way as the equivalent items arising in the domestic currency.

The calculation of the headline earnings number should include tax adjustments to reflect the fact that certain items are excluded from the headline figure.

As part of these adjustments, the calculation of headline earnings should normally reflect the tax charge as shown in the company accounts. Companies should be encouraged to ensure that adequate disclosures are made to enable the effect of minority interests to be calculated on any adjustments

## Profit and loss account - adjusting the FRS3 example

|   | 1993  | 1992 | 1991  | 1990  | 1989  |
|---|-------|------|-------|-------|-------|
| Turnover  | 550   | 50   | 175   | 775   | 690   |
| Cost of Sales                                       | (415) | (40) | (165) | (820) | (555) |
| Gross profit  | 135   | 10   | 10    | 155   | 135   |
| Net operating expenses                              | (85)  | (14) | (25)  | (114) | (83)  |
| Less 1992 provision                                 |       |      |       | 10    |       |
| Operating profit                                    | 50    | 6    | (9)   | 51    | 52    |
| Loss on disposal of discontinued operations         |       |      |       | (17)  | (17)  |
| Less 1992 provision                                 |       |      |       | 20    |       |
| Provision for loss on operations to be discontinued | (1)   |      |       | (11)  | (30)  |
| Restructuring costs                                 | (2)   |      |       | (2)   |       |
| Profit on sale of properties                        | 12    |      |       | 12    | 6     |
| Profit on ordinary activities                       | 59    | 6    | (2)   | 63    | 28    |
| Interest payable                                    |       |      |       | (15)  | (15)  |
| Profit on ordinary activities                       |       |      |       | 48    | 13    |
| before taxation                                     |       |      |       | 45    | 13    |
| Tax on profit on ordinary activities                |       |      |       | (14)  | (4)   |
| Profit on ordinary activities                       |       |      |       | 31    | 9     |
| after taxation                                      |       |      |       | (2)   | (2)   |
| Minority interests                                  |       |      |       | 28    | 7     |
| Profit for the financial year                       |       |      |       | (6)   | (1)   |
| Dividends   |       |      |       | 21    | 6     |
| Retained profit for the financial year              |       |      |       | 30p   | 10p   |
| Earnings per share                                  |       |      |       |       |       |

Note: The example above is based on that set out on page 43 of FRS3

that may be made to arrive at the headline figure if these are not already required. The definition of earnings.

Exposure Draft published by the Institute of Investment Management and Research, 21-212 High St Bromley, Kent BR1 1NY. David Damant of Credit Suisse Asset Management, chaired the subcommittee which produced the draft. Comments invited by April 30.

FINANCIAL TIMES FRIDAY MARCH 5 1993

KINGFISHER  
COMPUTER AUDIT  
MANAGER

c.£45,000 + Car + Excellent Benefits  
Central London

Kingfisher plc is a leading UK retail group which operates store chains such as B&Q, Comet, Superdrug and Woolworths. The group also has a leading property company, Chartwell Land and a wholesale distributor Entertainment UK.

Kingfisher has achieved its success by developing a strong understanding of market demands and an ability to respond promptly to changing conditions in every aspect of its business. Commitment to maintain and enhance operational effectiveness has resulted in the decision to appoint an outstanding individual who will develop a Group Computer Audit function.

You will set up a function responsible for monitoring and influencing all new, developing and existing systems from a computer audit perspective. You will conduct independent reviews group wide to ensure compliance with agreed policies and procedures and initiate change to improve operational effectiveness and profitability. You will be a qualified accountant or hold a comparable professional qualification with a minimum of three years experience working with sophisticated computer audit techniques as well as having excellent systems skills and analytical ability.

This role offers the opportunity to work in a progressive, creative environment requiring commitment, dedication and the ability to perform in a challenging and highly motivated team operation. It is an excellent entry point into a highly successful and profitable group for a talented individual who can demonstrate outstanding personal attributes.

Interested candidates should respond promptly to Michael Hest or Charles Austin at the address below or by fax on 071-491 8676 quoting ref M1422.

**HARRISON WILLIS**  
EXECUTIVE SEARCH & SELECTION

39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463  
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Financial  
DirectorTurnaround  
Opportunity

c £70,000, Car,  
Share Options

## Hoggett Bowers plc

EXECUTIVE SEARCH AND SELECTION

BIRMINGHAM • BRISTOL • CAMBRIDGE • CARDIFF • DUNDEE • LEEDS • LONDON • MANCHESTER • NEWCASTLE • WINDSOR and representation throughout EUROPE

A medium sized quoted plc, with over 100 years of heritage vested in its well respected name, this established British company serves fast moving industrial markets through a nationwide structure. Paving the way for a rapid return to profit, there are substantial resources behind the fundamental restructuring now in the course of implementation by a dedicated team.

Not only as a key member of the plc board, the Financial Director will also make a vital contribution through an operational role with the principal trading unit. Ongoing implementation of reorganisation issues will include a major computer project, involvement in some disposals, and a complete review of financial controls and systems. Of equal importance are the man management dimensions of the task, and the further development of team competence.

Preferably qualified to chartered status, and likely to be aged over 35, candidates must have substantial systems implementation experience. Currently or recently head of the financial function or Financial Controller, they will have worked on reorganisation/disposals, and exposure to a multi site, distribution oriented business would be highly advantageous. This unusual and exciting opportunity will appeal to candidates with outstanding personal attributes and well developed man management skills, with a strong hands on style, and propensity for detail.

Interested candidates should submit a detailed cv. to: Andrew Satterly, Hoggett Bowers plc, George V Place, 4 Thames Avenue, WINDSOR, SL4 1QP, 0753 850851, Fax: 0753 853339, quoting Ref W12187/ET.

ACCOUNTING  
MANAGER

## West London

£ Negotiable  
+ Benefits



Having established itself as a market leader in the building and engineering service sectors and as part of a larger international facilities management group, this organisation is now clearly poised to compound on its achievements gained to date.

An integral part of its developmental plans has been to establish a strong presence in the Airport Services arena reflected in the creation of a new company within the already existing group structure.

The newly formed management team is keen to appoint a commercially minded accountant reporting to the Chief Financial Officer who will be involved in initiating clear and effective financial controls across the business as well as promoting a real sense of involvement of finance in the ongoing management of operations covering all facets of the business. The appointed candidate will also be expected to develop strong and workable relationships across all functional areas and be seen to make a positive and active contribution to the development of the finance function.

As a qualified accountant (either ACA or CIMA), aged in your late 20's to early 30's, you should possess relevant work experience gained from within the contract or building services sectors. Ideally in an operating or subsidiary company environment. You should have a "hands on" approach to management and be able to contribute effectively in a high volume transaction orientated business.

The position offers a unique and unrivalled opportunity to be part of an exciting new venture and will undoubtedly offer every opportunity to contribute to a highly capable and professional management team.

Interested candidates should contact Charles Austin on 071 629 4463 or send an appropriate curriculum vitae quoting reference CA130.

**HARRISON WILLIS**  
EXECUTIVE SEARCH & SELECTION

39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463  
LONDON • READING • GUILDFORD • ST ALBANS • BRISTOL • BIRMINGHAM

## CONTROLLER - INTERNATIONAL FIXED INCOME

## US SECURITIES HOUSE

c£45,000 PACKAGE

## CITY

Our client is one of the world's leading Securities firms whose significant progress in recent years is attributed to a combination of vision, creativity and innovation.

In focusing on niche markets it has built up a strong European presence and is internationally renowned in the trading of Fixed Income Products. The firm has developed a core business in OTC Options and is growing its Non - \$ trading inventory.

Due to increasing growth, a new position has been created which assumes full responsibility for all financial control and reporting issues relating to the

Fixed Income Sales and Trading group.

The ability to build strong, credible relationships with the front office whilst establishing improved systems and maintaining tight controls is vital.

Applicants should be fully qualified Accountants who have gained relevant post qualification experience in the Controllers area of a leading Fixed Income Securities House.

A track record of high academic and professional achievement coupled with a strong yet diplomatic personality are minimum requirements for this well reputed and committed market leader.

For a detailed and confidential discussion, please call JONATHAN ROBIN on 071 336 7711 (evenings/weekends 081 444 9970) or alternatively forward your CV to the address below

**GMS**

Goodman Mason Shore  
Financial Search & Selection

2 Bath Street, London EC1V 9DX. Telephone: 071-336 7711. Facsimile: 071-336 7722

## Financial Controllers

## PW in Budapest and Moscow

Price Waterhouse has a strong and well established presence in Eastern Europe as a leading provider of audit and business advisory services. We seek a Financial Controller for each of our expanding offices in Budapest and Moscow.

You should be a qualified accountant, probably aged 30-40, with experience in managing an accounts department in a service industry, preferably a professional practice. You will report to the local finance partner in providing the office with accurate and timely financial data, and to the Eastern European Services Group, based in London.

Your personal qualities should include good communication skills, business awareness, determination to succeed in an often challenging environment and a pragmatic, hands-on approach to problem solving. Knowledge of Hungarian/Russian, whilst not essential, would be a distinct advantage.

A substantial remuneration package is offered.

Please write with a CV, explaining how you meet our criteria and specifying your preferred location, to: Mike Jennings, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY. Phone: 071-939 2267.

**Price Waterhouse**

OFFICES IN: ALMA ATA • BUDAPEST • MOSCOW • PRAGUE • SOFIA • WARSAW

## FINANCE DIRECTOR

Birmingham

to £40,000 + Car + Benefits

Our client, a fully listed plc, is the UK's leading space management specialist, currently engaged in the effective and controlled management of retail and executive centres.

This dynamic group has achieved an enviable record of profitable growth and remains committed to a strategy of sustained aggressive expansion, both organically and through further acquisitions.

As a result the group now seeks to appoint a high calibre Finance Director to the principal subsidiary board, capable of undertaking a key role in this retail oriented, multi-site business. Reporting to the Managing Director and functionally to the Group Finance Director you will be a key member of the management team.

Leading a team of 20, you will assume full responsibility for the financial management of the business and be expected to contribute to the continued development of effective Management Information Systems.

Candidates, aged 32-45, will be qualified accountants with significant experience in financial/management reporting gained at senior level within a commercial environment. An effective communicator, with proven team management skills, you should possess the range of technical and commercial skills required to succeed within this challenging role. The position offers an attractive salary and benefits package commensurate with the seniority of the post.

Interested applicants should send in confidence a detailed curriculum vitae including current remuneration to: Mark Carrigan ACA, at Carrigan Nicholls, Charles House, Great Charles Street, Birmingham B3 3JT.

**Carrigan Nicholls**  
FINANCIAL  
RECRUITMENT CONSULTANTS



CLARK WHITEHILL

## Outstanding Partnership Opportunities

Clark Whitehill is a leading medium sized firm which has developed an enviable practice encompassing strong core business activities together with a reputation for quality niche services which provide significant added value. Through being technically excellent, highly skilled advisers and encompassing thoroughly commercial attitudes, Clark Whitehill has developed an impressive reputation for providing total quality service to clients. Continued growth and development of the practice through consistent winning of business has led to the need to recruit two high quality partners.

### Established Investigations Partner London

Clark Whitehill's Investigations Group provides an independent review of the financial position and prospects of businesses. The group enjoys a high profile within the firm working closely with core teams, corporate finance and corporate recovery.

You will be a chartered accountant with an established track record as a successful investigations partner within a substantial firm.

Although established work exists for the incoming partner it is essential the individual possesses existing contacts and the ability to develop new sources of business. Aged 35-45, you will be a team player with strong presence and credibility who relishes the opportunity to further develop this dedicated investigations Group. Salary will be commensurate with experience, potential and ability.

Contact Chris Nelson for a confidential discussion on 071 831 2000 (evenings and weekends on 061 785 6191), or write to him at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

### Audit Partner Manchester

This office is a recent addition to the Clark Whitehill network and as a consequence of its successful initial period, the office wishes to appoint an experienced and dynamic Audit Partner. The appointee will lead the development of the audit practice in Manchester, and will be key to the future success of the Manchester office. Opportunities for personal growth and reward are excellent.

Candidates will ideally already have partnership status, be aged between 30 and 40, with a demonstrable record of fee generation and client development. These skills will be augmented by a strong technical base, excellent client handling abilities and a commercial awareness of today's market. Salary will not be a limiting factor for high calibre individuals.

Contact Stuart Frost for a confidential discussion on 061 228 0396, or write to him at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide

## Group Finance Director

Printing Industry

c.£50,000 + Bonus & Benefits

West Midlands

A dynamic Finance Director is required to play a major part in a programme of cultural change.

#### THE COMPANY

- ◆ Long established, soundly based, successful £35m turnover group.
- ◆ Strong base in security and other specialised systems and printing markets.
- ◆ Exciting period of change under new top management.

#### THE POSITION

- ◆ Full responsibility for all budgeting, control, management and statutory accounting.
- ◆ Work closely with MD on evaluation and negotiation of acquisitions, divestments, capital expenditure and corporate restructuring.

- ◆ Immediate challenge to upgrade the quality and presentation of MIS.

#### QUALIFICATIONS

- ◆ Qualified accountant, probably aged 35-42, with significant senior level experience from sophisticated large industrial group.
- ◆ Enthusiast for team, effective, modern financial management. Ability to combine hands-on attention to detail with strategic impact at Board level.
- ◆ Thorough knowledge of financial systems. Team orientation, drive and sense of humour.

Please write, enclosing full cv, Ref BM0875  
NBS, Berwick House, 35 Livery Street,  
Birmingham, B3 2PB

NBS SELECTION LTD

a Norman Broadbent International  
associated company



Birmingham 021 233 4656  
Bristol 0272 291142 • Glasgow 041 204 4534  
Aberdeen 0224 658080 • Slough 0753 819227  
London 071 493 6392 • Manchester 0625 539933

## Chief Accountant - Property

London W1

£35-40,000 + Car

Our client is an international firm of chartered surveyors offering an extremely diversified range of services covering commercial and residential activities. Within the challenging and competitive property sector, they boast an enviable reputation both in the UK and overseas, for providing clients with the best in professional and expert advice.

They now require a Chief Accountant with the skills necessary to manage the day to day accounting operations and provide a valuable contribution to general business development. Reporting directly to the Finance Partner, you will assume full responsibility for the preparation of monthly management accounts, budgets and forecasts, together with critical analysis of significant variances. In addition you would be expected to handle all statutory, taxation and treasury matters. In conjunction with the IT Manager,

you will also be instrumental in the development and enhancement of internal management control systems. Ideal candidates, probably in their mid 30s, must be qualified accountants with a sound knowledge of corporate and, in particular, partnership accounting. Experience within a property or partnership environment, whilst not a prerequisite, would be a distinct advantage. More importantly you must possess well developed man-management skills, a mature approach and the ability to communicate effectively at all levels. Candidates must also be highly computer literate.

Please write in confidence with a full curriculum vitae (including salary and benefits package) to Nigel Milford at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Please quote ref: BF110.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide



Kimberly-Clark

## Finance Team Leader

Logistics and Market Development

Kent

circa £30,000 + Bonus + Car

Kimberly-Clark, a US Corporation with worldwide sales of c. \$7 billion, is a major manufacturer of a wide range of products for personal, business and industrial uses. Operating in over 150 countries, established global trademarks include Kleenex® tissues and Kotex® feminine care products.

An opportunity has arisen for a Finance Team Leader to join the Logistics Division, which takes responsibility for the distribution of products within Europe.

Reporting to the Financial Controller European Operations, this position has three key areas of responsibility:

- Developing, analysing and co-ordinating the financial information relating to distribution and transport operations.
- Providing financial and commercial analysis and business plans for potential new market development.
- Accounting/reporting for a local manufacturing site.

The successful candidate, aged 27 and above, will be a graduate qualified accountant/MBA of high calibre, with a successful academic record complemented with a thorough understanding of business finance and financial analysis. Previous experience in a sales and marketing or distribution environment is desirable, but not essential.

Successful applicants must be ambitious, demonstrate an enthusiastic and outgoing personality, coupled with strong interpersonal and team-management skills. Excellent career opportunities exist for the right candidate.

Candidates interested in this challenging opportunity should apply immediately by sending a full curriculum vitae to Angela Webb at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

Registered Trademark of Kimberly-Clark Corporation.  
Kimberly-Clark is an equal opportunities employer.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide

## A creative business challenge for innovative Accountants

United Biscuits is one of the world's leading snack food manufacturers with many famous brands in the UK, continental Europe and the USA. Our Group Finance function supports all operating divisions with a wide range of specialist services including an innovative, pro-active and highly professional Internal Audit Group.

We now require the following professionals:

### COMPUTER AUDIT MANAGER c.£33k + car

With technical computing experience.

Deputising for the Internal Audit Controller, you will be the recognised computer audit expert within the organisation. You will deal with major systems changes in the UK, ensuring that internal audit interests are "designed-in" to new systems and you will become involved in other aspects of audit work from computer disaster risk assessment to non-computer related matters. This hands-on, high profile role involves at least 30% of your time travelling, mostly in the UK, and offers considerable scope to a qualified accountant eager to assume major responsibilities.

You must have a very strong technical understanding developed over several years' experience in computer audit. Already at management level, you should have experience of auditing IBM mainframes, AS400s, LAN and WANs and systems under development. Exceptional influencing and interpersonal skills will be essential.

### INTERNAL AUDIT SENIOR up to c.£25k + car Spanish/French speaker. Project-based.

With the focus on project-based audit, you will provide an "added value" consultancy and resource service. Working mostly on special assignments - involving 50% of your time travelling throughout the UK and continental Europe - you will plan, perform and report on internal control reviews, helping to harmonise procedures.

The need is for an outgoing, flexible, enthusiastic professional with good written and verbal communication skills including command of Spanish and/or French. A qualified accountant with at least 2-3 years' audit experience, preferably you should have already operated in overseas environments.

In both cases, we offer highly competitive salaries plus comprehensive benefits and exceptional career prospects in a dynamically expanding worldwide organisation.

If you seek strictly non-routine challenges for your accounting skills, please send your full c.v. to Lindsay Tunbridge, Company Personnel Manager, United Biscuits (UK) Ltd., Church Road, West Drayton Middlesex UB7 7PR. Fax 0895 448848.



United Biscuits

## Financial Controller

A challenging role with real prospects

Dorking, Surrey

£35,000 + car + benefits

Our client is a long established leader in its field of specialist laboratory equipment and has recently been acquired by a well respected US company operating in a similar field. With a joint turnover in excess of £30m, the prospects for the UK and US acquiring company are greatly enhanced and the current business plan reflects an expansion policy through strong and controlled growth, including the strengthening of an existing network in Europe for which the UK will form a base.

In order to maintain momentum and to ensure that all financial reporting is both timely and accurate, it is now vital that the UK subsidiary appoints a first class Financial Controller who will play a key role in the expansion plans for the future.

Applications are therefore invited from graduate accountants (ACA/ACCA) with a minimum of four years' post qualification experience in a manufacturing company whose IT system interfaces effectively with product costing and accounts. Experience must have been gained in financial and management reports, statutory accounts, tax administration and returns, cash management and currency exchange. Familiarity with US accounting procedures would also be an advantage. Reporting to the UK Director responsible for administration as well as the US parent, the successful candidate should be able to demonstrate excellent interpersonal skills, a flexible hands-on approach and the self motivation to develop this role to its full potential.

Interested candidates should send a comprehensive CV together with current salary details to Anna Ponton at the address below quoting reference T5901/B. Previous applicants need not reapply.



Selection & Search

2-3 Dorset Rise, Blackfriars, London EC4Y 8AE



## GROUP/PROJECT ACCOUNTANT

HIGH PROFILE ROLE IN DYNAMIC MONEY BROKING ENVIRONMENT

Our client, a rapidly expanding money broking firm whose origins date back to the early 1920's, was one of the first businesses of its kind to deal in Foreign Exchange, Interbank and Eurodollar deposits across a worldwide network. With principal offices in London and New York, the group has offices in continental Europe, the Far East and North America, and in 1992 enjoyed a worldwide income of over £150m.

A dynamic young Group/Project Accountant is now required to work at the London head office. Reporting directly to the Group Financial Controller, the role will be varied, but main areas of responsibility will include:

- Group Consolidation
- Development and maintenance of the Group Reporting systems
- Statutory and year end accounts
- Cash flow management

In addition there will be responsibility for all financial aspects associated with the Group's continued, exciting development. To qualify for this exciting opportunity, you will be a qualified ACA with strong commercial awareness and ideally up to 5 years' experience. Strong interpersonal and communication skills are essential as is the flexibility to integrate into this fast moving environment. The role will be fairly autonomous, and thus self-discipline and motivation are essential.

An excellent remuneration package is on offer reflecting the high calibre of individual sought, and opportunities to progress and/or diversify within this multi-national group are excellent.

If you feel that you have the qualifications and drive to fulfil this role, please contact Karen Wilson or Fiona Keil on 071-405-4161 or write to them at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY enclosing a recent CV and a note of current salary.

CITY

c£30-33,000PA

PLUS CAR & BENEFITS

c. £70,000  
+ bonusWorld Renowned  
Manufacturer

North West

**Finance Director**

To provide strategic direction and financial strength to a prestigious manufacturer of quality products, sold internationally and supported by world class research and production facilities. The company is poised to lead its sector out of recession, offering both challenge and a unique career opening for a top-flight professional with innovative commercial and financial skills.

**THE ROLE**

- Reporting to the Chief Executive, responsible for the financing and control of a £100m+ international business and for a team of c. 50 people.
- Ensure a systems and reporting infrastructure which satisfies statutory requirements and provides management with direction and appropriate measures of performance.
- Work closely at Board level to determine strategies for growth and profitability, reviewing options, modelling business plans and seeking innovative solutions to complex operational issues.

London 071 973 8484  
Manchester 061 437 0375

**Selector Europe**  
A Spencer Stuart Practice

**THE QUALIFICATIONS**

- Probably late 30's to mid 40's, professionally qualified, numerate graduate-level intellect. Trained and experienced with major blue-chip firms.
- Already at a senior level in a substantial manufacturing organisation with an international sales base. Must understand manufacturing systems and have shown leadership in IT projects.
- Enthusiastic, youthful and participative. A proactive contributor to strategic thinking and the implementation of change programmes to enhance performance. Stature and presence to represent the company and negotiate at the highest level.

Please reply, enclosing full details, to:  
Selector Europe, Ref. S20229334,  
Addington Court, Greenacres Business Park,  
Royal Road, Manchester M22 5LG

c. £40,000 + car  
+ benefitsProcessing and Distribution  
Business

North West

**Group Financial Controller**

An ideal next step for a young financial professional to join a £100m+ plc in a key senior position and at a very significant stage in the company's development. Potential acquisitions, strong organic growth and rapidly increasing profitability will all contribute to the career potential on offer. A role offering the scope to introduce new reporting systems and influence business performance through innovative financial management.

**THE ROLE**

- Reporting to the Finance Director, responsible for all statutory and management accounting in a multi-site environment.
- To ensure the day-to-day control of operations including the preparation and implementation of an IT strategy to integrate with a newly designed reporting infrastructure.
- To contribute to the future planning of the company's business, assisting in acquisition studies, training and development of the team, and progressively enhancing the effectiveness of the finance department.

London 071 973 8484  
Manchester 061 437 0375

**Selector Europe**  
A Spencer Stuart Practice

**THE QUALIFICATIONS**

- Probably aged 28 to 35, graduate level intellect, professionally trained and qualified with a major firm. Numerate, analytical and fully systems-literate.
- Already proven in both management and financial accounting in a substantial operation, preferably multi-site and involving added-value processes. An effective manager, team-builder and corporate colleague.
- Enthusiastic, proactive and participative. Thriving on involvement and the influence of financial management as a strategic tool to enhance competitive edge. Flexible to change, ambitious for career progression.

Please reply, enclosing full details, to:  
Selector Europe, Ref. F10840334,  
Addington Court, Greenacres Business Park,  
Royal Road, Manchester M22 5LG

**Finance Manager  
Europe**

Reading

c. £45,000 + Car + Benefits

**The Client**

Our client is a US owned and highly profitable manufacturing group in a specialty niche market with subsidiaries throughout Europe. European turnover in excess of £30m.

**The Position**

Reporting to the European Managing Director and the VP Finance in the US. The major priority will be to ensure that rigorous financial reporting contributes to further developing the commercial success of the European operations with particular emphasis on effective treasury management together with a significant upgrade in costing systems.

**The Candidate**

- Qualified accountant, aged 35/45.
- Batch process costing experience.
- Tax/treasury/company secretarial exposure.
- Excellent communication/analytical skills.
- Commercially aware team player.

**To Apply**

Please send a detailed cv with salary details and quoting reference JC421/2 to Jeff Cottrell, Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

**ERNST & YOUNG**

EALING TERTIARY  
COLLEGEc £40,000  
PLUS BONUS**Finance Director**

With complete responsibility for the provision of education for post 16 year olds in the Borough, Ealing Tertiary College is well advanced in its preparations for incorporation in April 1993. This multi-site college has a budget of £13-14 million and has around 2,500 full-time and 12,000 part-time students involved in a full range of further education activities.

As Finance Director you will report directly to the Director/Principal and assume full responsibility for the financial management of the College. Initial priorities will be to continue the development and implementation of planning and control systems and to support the devolved budget policy. As a full member of the strategic management team you will also be expected to participate in the broader issues.

An experienced, qualified accountant, you must have broad based financial skills, including computerised management information systems, and previous experience of senior line

financial management. A practical, hands-on approach is essential, combined with the personal skills required to make a positive impact on an organisation undergoing considerable change. Previous experience within the education sector is not mandatory, however candidates should demonstrate sensitivity to the educational objectives of the college.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference AS968 on both envelope and letter.

**Coopers & Lybrand**  
Executive Resourcing

**CORPORATE FINANCIERS**

CITY

£ Excellent package

This established and highly prestigious international bank wishes to identify two exceptional young ACAs to complement one of its transacting teams. Full and market leading training will be provided in Pan European M&A, floatations, corporate restructuring, privatisation and fund raising. You will gain rapid responsibility for assignments to develop your business acumen. To fulfil these demanding roles you must be a highly articulate ACA, Big 6 trained, with a consistently high record of achievement to date. Prior City experience, though useful, is not essential. Excellent prospects exist within this highly regarded team and the quality of work will appeal to the most discerning of individuals. Ref. JA3000.

Please telephone Jonathan Astbury on 071-629 4463 (evenings/weekends 071-702 9672) or Gary Johnson (evenings/weekends 0582 832801). Alternatively write to our London office. Applications should be received by 8th March.

30  
YEARS IN  
CAREERS

**HARRISON WILLIS**  
FINANCIAL & LEGAL RECRUITMENT CONSULTANTS  
Cardinal House, 39-40 Albemarle Street, London W1X 3FD. Tel: 071-629 4463  
LONDON • READING • GUILDFORD • ST ALBANS • BRISTOL • BIRMINGHAM

30  
YEARS IN  
CAREERS

LEADING BLUE CHIP

To £33,000 + benefits

A similar quality ACA, with European linguistic skills, ideally German, French or Italian, is required by this FTSE Top 100 group which represents one of the UK's strongest commercial operations. Based in the central strategy unit this quasi corporate finance position embraces scenarios as diverse as pricing analysis, market evaluation, performance analysis and new business initiatives. The role will suit a highly self-motivated accountant who wishes to enter a proactive, international business division. Aged 24-28 you should demonstrate an outstanding track record to date. This company is genuinely able to offer unrivalled career prospects. Ref. GH3020.

**APPOINTMENTS  
ADVERTISING**

appears every  
Wednesday &  
Thursday & Friday  
(International  
edition only)

For  
further information  
please call:

Andrew Skarzynski  
on 071-873 3607

Mark Hall-Smith on  
071-873 3351

Tricia Strong on  
071-873 3199

JoAnn Gredell  
New York  
212 752 4500

**PEREGRINE INVESTMENTS HOLDINGS LIMITED  
CORPORATE FINANCE**

We are a regional Hong Kong based listed merchant banking, stockbroking and financial services group active in the Asian corporate finance and equity markets for a diverse client base. Our Hong Kong merchant banking arm is very active particularly in both Hong Kong and China related business.

Peregrine has been further developing its corporate finance business in the Asian region especially in Hong Kong and China. Accordingly, we need to expand our corporate finance capability in the following areas:

Senior executives to join our Hong Kong section who would be able to make an immediate contribution by having had sufficient experience in managing transactions supported by a small team. Candidates with either a legal or accounting background together with a minimum of five years experience with a reputable merchant bank are preferred.

Executives to join our China section to assist in China work. Candidates must be qualified accountants or have a strong background in finance and be fluent in both English and Mandarin.

These positions offer generous salary/bonus, benefits and relocation expenses as appropriate. Please submit a detailed resume, including current compensation together with telephone contact and photograph to:

Deputy Managing Director  
Peregrine Capital Limited  
23rd Floor, New World Tower,  
16-18 Queen's Road, Central,  
Hong Kong

**The management accountant  
most likely to succeed.**

Financial Controller Designate / Milton Keynes / c.£35,000 + car

The Meat and Livestock Commission (MLC) was established in 1967 to promote the interests of the livestock, meat and meat-products industries. Our primary task is to improve the efficiency of these industries, while ensuring that their products and processes meet the demands of the modern consumer. Our turnover exceeds £45 million, a significant and growing proportion of which is generated through fee-earning business, including research, strategic consultancy, business services and marketing support. We are now looking for an accomplished management accountant who can work alongside - and succeed - the Financial Controller, who is due to retire in two or three years' time.

Within the first twelve to eighteen months - spanning a full planning and accounting cycle - you will need to acquire a detailed knowledge of MLC's accounting, planning and control routines.

However, this is by no means a supernumerary role: you will be making a key operational contribution from the outset. As well as preparing forecasts, accounts and reports, you will develop the management accounting function to reflect the increasingly commercial orientation of MLC. At the same time, you will be working with our IT specialists to develop and implement enhanced financial management systems.

Our special relationship with our customers (who range from central government and large corporations to individual farmers and university researchers) presents unique challenges to the financial manager: there is a greater level of financial disclosure than in most commercial companies, and the way we allocate our funds is the subject of wide scrutiny. This means you must be able to communicate detailed financial information clearly and concisely to a wide range of audiences.

Qualified to FCA or FCMA, you will have 10 - 15 years' experience in a large commercial or industrial group, ideally with responsibility for a number of discrete profit centres. Proven management expertise and computer literacy are essential; you must also demonstrate a flexible personal style which combines strong commercial drive with assured diplomatic skills.

Salary of around £35,000 will be supported by a choice of 2-litre car, pension scheme, free BUPA and life assurance. Career development prospects are clearly very good: on appointment as Financial Controller, you will be reporting directly to the Director General.

To apply, please send your cv to the Director General, Meat and Livestock Commission, PO Box 44, Winterhill House, Snowdon Drive, Milton Keynes MK6 1AX, quoting ref: FCD on the envelope.

**APPOINTMENTS WANTED****A DYNAMIC AND WIDELY EXPERIENCED INTERNATIONAL  
FINANCE EXECUTIVE BA, FCA, FCMA.**

Currently working for a conglomerate with interests in hotels, insurance, finance and leasing. Excellent track record. Sooks new appointment.

Please write to Box A735, Financial Times, One Southwark Bridge, London SE1 9HL

HONG KONG  
34 years old European male, degree in business, several years experience in Fund management and Sales, as well as experience in financial control systems and banking strategies, looking for a suitable long-term position in Hong Kong.  
Box A715, Financial Times, One Southwark Bridge, London SE1 9HL



Excellent Opportunities for  
High Calibre Operational Finance Managers  
Farnborough, Portsmouth,  
Sevenoaks, Portland (Dorset) To £35,000  
+ Relocation Package

Financial Controllers - Farnborough, Portsmouth, Portland, Sevenoaks  
PA to Group Financial Controller - Farnborough

Management Accountants - Farnborough

Final applications for the above positions, which were first advertised in the Financial Times of 28 January 1993, must be received by 11 March 1993. The age restrictions in that advertisement may be disregarded.

The DRA is an equal opportunities employer.

For further information contact Robert Walker or Brian Hamill, by forwarding a brief resume to our London Office quoting Ref: RW1303.

**WALKER HAMILL**  
Financial Recruitment Consultants

29-30 Kingly Street  
London W1R 5LB

Tel: 071-287 6285  
Fax: 071-287 6270

**CityRoads  
CRISIS INTERVENTION**

CityRoads is a charitable agency providing short term residential care to drug users and their children. We wish to appoint a

**FINANCE/ADMINISTRATION MANAGER**

who will be responsible for the provision of a wide range of accounting, financial management and administrative services. Salary: Negotiable to £22k. Holidays: 26 days per annum plus public holidays.

For further details and an application form please telephone 071-837 2772. Closing date for applications will be 19th March 1993.

## Accounting for the future of retail.

Nottingham £35,000 - £40,000 + car + bonus

During the last five years our profits have more than doubled, and our turnover continues to grow year on year. For Boots The Chemists, today's achievement is always seen as a means to secure continuing success in the future. Financial stability means we have the resources to take a long-term view of all our business operations - and that includes financial management. Our current strategy for the future includes the introduction of new and sophisticated financial systems throughout the company; it also involves the appointment of two high-calibre accountants to new and influential roles - each of which will make a significant contribution to the future shape and performance of the business.

### Operational Review Manager

You will bring together a number of formerly discrete functions into a new and integrated Operational Review Department. Leading and developing a nationwide team, you will evolve financial control policies and procedures which provide clear standards of performance for line management. Complementary activities will include the introduction of fraud-prevention measures, the co-ordination of independent ad-hoc investigations to monitor and promote operational efficiency, audit review and transaction analysis.

Ideally, you will be a graduate chartered accountant with 6-8 years' post-qualification experience, which should include audit activity in a retail environment. (Ref: ORM)

### Logistics Finance Manager

All logistics functions (including warehousing, distribution and supply chain management) have recently been brought under the control of a single Director. Logistics issues impact on many different parts of the company, and decisions in this area routinely have £multi-million implications for the business. The re-organisation offers tremendous potential for improvements in efficiency and performance - a potential which you could help to realise. As well as reporting on current expenditure, you will provide analyses and evaluations of the likely impact of plans for the future.

You must be a qualified accountant with 6-8 years' post-qualification experience - ideally including retail or logistics. (Ref: LFM)

The high profile of these appointments means we are looking for professional accountants of exceptional quality, who have the personal credibility and authority to exert influence at senior management levels. Computer literacy, energy and integrity are also essential. This is clearly a very good time to be joining Boots The Chemists, and we are determined to appoint people who have the clear potential to move up within the company. Salaries will be supported by a comprehensive range of benefits, including profit-related bonus, relocation assistance is available where appropriate.

If you would like to be involved in the financial management of the future, please send a full cv and covering letter to Mrs. Nicky Hill, Senior Personnel Officer, Boots The Chemists, Head Office, Nottingham, NG2 3AA. Please quote the appropriate reference. Closing date: Friday 19th March 1993. An equal-opportunity employer.



BOOTS THE CHEMISTS

## LAZARD BROTHERS & Co., LIMITED

Lazard seek candidates for two new and important positions:

### COMPUTER AUDITOR

A computer auditor is sought for the Internal Audit department. The auditor will be responsible for all electronic security and computer audit matters for the bank's UK and Channel Island operations. The position has only recently been created and the successful candidate will be expected to develop and refine the role.

The position requires an individual with strong analytical skills, experience in auditing or consulting in the financial services industry and a technical computer background. Good communication skills and a knowledge of Digital VAX systems and Novell networks are important.

Ref: LB/SJHB/F1

### QUALIFIED ACCOUNTANT TREASURY PRODUCTS

An enthusiastic, motivated and flexible qualified accountant is sought for this new role within the Finance Division. This team is responsible for all revenue accounting across a diverse range of complex treasury products. Close liaison exists between traders, senior management and Finance personnel.

The position requires an individual with strong technical skills, who has PQE in banking and treasury products and, ideally, knowledge of NPV techniques for valuing money market instruments. The appointee must be a good communicator with strong PC literacy and be used to producing results in report format to close deadlines.

Ref: LB/SJHB/F2

Interested candidates with relevant experience should either write and request an application form or send a curriculum vitae, including present remuneration details, work and home telephone numbers. Applications, quoting the appropriate reference, should be received no later than 18th March by:-

Sarah Barber  
Personnel Department  
Lazard Brothers & Co., Limited  
21 Moorfields  
London EC2P 2HT

## HIGHLY MOTIVATED INTERNAL AUDITORS

A leading international group, operating the largest private network offering telecommunications and data processing services to airlines and related industries is looking for

with at least 2 years' experience preferably in an international audit firm, possessing good communication and problem-solving skills. Aged 28/35, the candidates are ideally graduates and qualified accountants. Fluency in French and English is also required as well as willingness to travel.

Reporting to the Group Financial Controller, the main responsibilities include: conducting financial and operational audits in all group companies, in connection with other members of the internal audit team, participating actively in the implementation of our enhanced financial and accounting information system, contributing to improvement of existing financial reporting procedures throughout the group.

Position based in Paris or Geneva.

Please send, in total confidence, your application including complete CV and salary details to COMMUNIQUE quoting reference: 145/FT - 50/54, rue de Silly 92513 BOULOGNE-BILLANCOURT CEDEX - FRANCE

### CORPORATE FINANCE

London

To £30,000 + Bfts

Major U.K. Merchant Bank requires an exceptional recently qualified ACA for a broad mixture of UK and European projects. This high profile position offers outstanding scope for personal development to an individual with confident, articulate presentation skills, and a desire to succeed at the highest level.

### GROUP MANAGEMENT ACCOUNTANT

London

c£27,000 + car

Household Name plc requires a technically outstanding ACA with up to 2 years post qualification experience. This role involves complex consolidations of financial and management information from worldwide subsidiaries, working to tight deadlines. A structured, fast track career path is offered to a dedicated Head Office specialist.

For further information, please contact Ron Johns on 071-431-2823 (days) or 081-789-9534 (evenings/weekends), or send your CV to him at Hudson Shribman, Vernon House, Sicilian Avenue, London WC1A 2QH. (Fax No. 071-404-5773).

HUDSON SHRIBMAN

# Management Accountant

Combining technological research & development with the management of long-term projects and contracts, my client provides specialist services that are vital to the operation of their customers' industries. For the Finance function, the emphasis is on effective cost control based on meaningful, accurate and timely financial information.

Your brief is to lead a small team in a role that will make a real impact on the success of the business. Not only reporting expenditure and variances, you will identify emerging trends and, if necessary, put forward suggestions for appropriate action. Planning and budget monitoring over long timescales means using financial models to predict the effect of current developments on future plans. Confidence, strong communication skills and personal credibility will enable you to quickly establish effective working relationships at all levels in the company.

A 28-34 year old graduate and professionally qualified, your technical expertise will be matched by proven interpersonal skills. Your experience will have been gained in a constantly changing, project-orientated environment (such as scientific research, technology R & D, or Contracting) where controlling costs and commercial success are synonymous. Computer literacy is essential, as you will be developing practical, PC based tools for modelling and forecasting.

The breadth of exposure and opportunities for career progression are normally found only in much larger organisations; the excellent reward package includes full relocation assistance. Take the first step by sending a comprehensive CV (including remuneration details) to Andrew Burke, Macmillan Davies, Colston Centre, Colston Street, Bristol BS1 4UX. Tel: (0272) 251351.

Far more than just reporting

Oxfordshire

c. £30,000 plus car & benefits



Macmillan Davies

S E A R C H & S E L E C T I O N

## Öffentlich-rechtliches Zentralinstitut

Unser Auftraggeber, ein angesehenes öffentlich-rechtliches und im internationalen Investmentbanking etabliertes Kreditinstitut mit Sitz in Frankfurt am Main, sucht für den Bereich Kredit/Emission/Ausland den

## KUNDENBETREUER KAPITALMARKTPRODUKTE

In dieser Funktion wird der/die Gesuchte im europäischen Ausland angesiedelt, vorwiegend öffentlich-rechtliche Kreditnehmer/Emitenten, bei der Begebung von Anleihen, Aufnahme von Krediten sowie dem Einsatz verwandter Produkte betreuen. Gesucht wird der kommunikationsfreudige Spezialist mit - möglichst - akademischer Ausbildung und praktischer Erfahrung in der Finanzproduktvermarktung, gesammelt vorzugsweise im Konsortial- und Emissionsgeschäft eines etablierten Hauses. Neben Kreativität und gewinnorientiertem Auftreten sind sehr gute Sprachkenntnisse Bedingung. Vorteilhaft wäre, wenn sich diese nicht nur auf die Deutsche und Englische erstrecken. Für eine erste vertrauliche Kontaktaufnahme steht Ihnen Herr Erhard Pulver unter der Telefon-Nr. 0 69/70 90 03 zur Verfügung. Ihre schriftliche Bewerbung erbittet er mit den üblichen Unterlagen an unser Büro, Zeppelinallee 42, 6000 Frankfurt am Main 90. Wir verbürgen uns für die Einhaltung absoluter Diskretion. Sperrvermerke werden strikt beachtet.

IMMO BOSSE UND PARTNER

Unternehmens- und Personalberatung GmbH

## Bedford College of Higher Education

Currently preparing for incorporation, Bedford College, one of the leading higher and further education centres, is undergoing a significant programme of change, not least in the area of finance. They now seek two qualified accountants, with public or private sector experience, for the following positions in order to spearhead this programme.

### Director of Finance

Ref: B/410/93 c£40,000 + Benefits

Reporting to the Chief Executive, you will take overall responsibility for all aspects of financial management and control, including financial planning, budgeting, management reporting, working capital control and treasury management. To complement your strong technical and analytical skills, you will need to possess proven financial management expertise, combined with integrity and interpersonal skills of the highest quality.

### Financial Controller

Ref: B/411/93 c£30,000 + Benefits

Reporting to the Director of Finance, you will be responsible for the day-to-day management of the Finance department, including the preparation of monthly management accounts, annual budgets and the monitoring and control of working capital requirements. You will also be required to develop the accounting function and its systems to meet the needs of a rapidly changing business.

Interviews will be held locally, and the closing date for applications is 15th March 1993.

Interested applicants should send a detailed CV, quoting the appropriate reference number, to Steven French.

KPMG Executive Selection  
Peel House, 2 Cornwall Street, Birmingham B3 2DL

## QUALIFIED ACCOUNTANTS - FOUR SHORT TERM CONTRACTS

£27,000 - £30,000 PRO-RATA

CENTRAL LONDON BASED

Under the Government's "Competing for Quality" initiative, HM Customs and Excise will have to tender against commercial competitors to provide services. The finance function is committed to providing in-house tenders with the best available professional support. They require four accountants on fixed term contracts to provide financial input and a commercial edge.

You will be providing business support to departmental management, helping them to establish their level of costs, preparing detailed business plans and presenting simply based commercial updates.

Your knowledge and training should enable you to exert considerable influence and contribute to winning the tenders on the right terms for HM Customs and Excise.

We are seeking applications from accountants with at least two years post qualification experience. Candidates should possess experience of budgeting, costing and be adaptable with strong interpersonal skills. Based in Central London you will be required to travel to regional offices within the UK. Visits will last approximately 2/3 days.

Contact Paul Goodman on 071 336 7711

(evenings/weekends 081 445 8466)

or write to GMS at the address below.

HM Customs and Excise is an equal opportunities employer. Applications are welcome from all sections of the community regardless of gender, religion, ethnic background or disability.

G M S

Goodman Mason Sharratt  
Financial Recruitment - Permanent and Temporary

2 Bath Street, London EC1V 9DX.  
Telephone: 071-336 7711. Facsimile: 071-336 7722

## DIRECTOR OF FINANCE

North West

c.£45k, Bonus, Car

This £80M multi-site FMCG, manufacturing business is a subsidiary of a major Group. A tough, inspirational finance professional is now required to improve the accounting disciplines and controls necessary to drive forward changes and contribute to ongoing expansion plans.

### The Role

- Improve the quality of accounting and MIS systems and procedures. Control and motivate the finance and IT teams providing direction and strategic management.
- Introduce more effective cash management, product costing and capex controls. Other features include enhancement of inventory control, forecasting and business planning procedures.
- Raise profile of finance across business ensuring an influential, pro-active approach to the decision making process.
- Reporting to MD, playing a strategic role within the executive team, improving business performance in the drive forward.

### The Candidate

- Qualified accountant, graduate calibre. Early/mid 30s. Proven track record, preferably in FMCG multi-site manufacturing.
- Excellent motivational and communication skills. Enthusiastic and persuasive style. Hands-on approach.
- Commercially astute, possess the stature to command respect and represent the company internally at Group level and through external advisors.
- Computer literate. Ability to demonstrate strategic vision whilst maintaining careful attention to detail.

Please apply in writing, enclosing full CV, quoting reference number LBA/128.



LAWRENCE BARNETT ASSOCIATES

Charlton House, Charter Road, Old Trafford, Manchester M16 0CW  
Tel: 061-877 4439 Fax: 061-877 6708



The Walt Disney Company.

...exciting opportunity for young finance professional

## Financial Systems Analyst

up to £30,000 + benefits

West London

Walt Disney is one of the most prestigious names in the Entertainment & Leisure world. The name is synonymous with creativity, imagination and quality and the organisation has successfully pursued a clearly defined strategy for growth. Disney is now looking for a talented professional to join their team.

The position on offer is a new role in the Filmed Entertainment MIS department. Working with staff, some at senior levels, you will be establishing financial systems in our Home Video, Television and Film businesses throughout Europe.

Responsibilities will include business and systems analysis, project management and systems implementation. The successful candidate will be a graduate, fully or part-qualified in accounting with strong systems knowledge and probably with around 5 years experience. You will need to have experience of structured methods, relational database technology and an appreciation of GUI-based software development, in addition to exposure to a multi-national company environment.

To be equipped for these challenges you will need to have outstanding professional, technical and communication skills and the commitment and drive to succeed.

For further information or an informal discussion contact our consultant, Sharmila Sharan Parekh, at Financial Selection Services, Drayton House, Gordon Street, London WC1E 6AN, (Fax: 071-388 0857) or call her on 071-387 5400 (evenings on 081-363 0474).

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INVESTMENT TRUSTS - Cont.

| Trust         | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Inv   | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Equity Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Global Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Investment    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| International | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Midland       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| North British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Prudential    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Scottish      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| South British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Union         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Windsor       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

MERCHANT BANKS

| Bank                | Price  | Change | Yield | Div  | Div Yr |
|---------------------|--------|--------|-------|------|--------|
| Barclays            | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of America     | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of England     | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of India       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of Japan       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of Korea       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of Malaysia    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of New Zealand | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of Singapore   | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of Thailand    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Bank of Vietnam     | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

OIL & GAS - Cont.

| Company           | Price  | Change | Yield | Div  | Div Yr |
|-------------------|--------|--------|-------|------|--------|
| BP                | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Shell             | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Petroleum | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Esso              | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Exxon             | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Amoco             | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Conoco            | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Phillips          | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Chevron           | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Agip              | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

PACKAGING, PAPER & PRINTING - Cont.

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| Wiggins Teape | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Wiggins       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Teape         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Wiggins Teape | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Wiggins       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Teape         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Wiggins Teape | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Wiggins       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Teape         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Wiggins Teape | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

TELEPHONE NETWORKS

| Company             | Price  | Change | Yield | Div  | Div Yr |
|---------------------|--------|--------|-------|------|--------|
| British Telecom     | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom Italia      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom France      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom Germany     | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom Spain       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom UK          | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom Netherlands | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom Belgium     | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom Austria     | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Telecom Sweden      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

MINES - Cont.

| Company        | Price  | Change | Yield | Div  | Div Yr |
|----------------|--------|--------|-------|------|--------|
| Anglo American | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| De Beers       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Anglo American | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| De Beers       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Anglo American | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| De Beers       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Anglo American | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| De Beers       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Anglo American | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| De Beers       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

INVESTMENT COMPANIES

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Inv   | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Equity Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Global Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Investment    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| International | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Midland       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| North British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Prudential    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Scottish      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| South British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Union         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Windsor       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

METALS & METAL FORMING

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Steel | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Corus         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Steel | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Corus         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Steel | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Corus         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Steel | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Corus         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Steel | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Corus         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

MISCELLANEOUS

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Inv   | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Equity Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Global Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Investment    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| International | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Midland       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| North British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Prudential    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Scottish      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| South British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Union         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Windsor       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

OTHER FINANCIAL

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Inv   | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Equity Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Global Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Investment    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| International | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Midland       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| North British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Prudential    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Scottish      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| South British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Union         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Windsor       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

TRANSPORT

| Company         | Price  | Change | Yield | Div  | Div Yr |
|-----------------|--------|--------|-------|------|--------|
| British Airways | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Virgin Atlantic | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Airways | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Virgin Atlantic | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Airways | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Virgin Atlantic | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Airways | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Virgin Atlantic | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Airways | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Virgin Atlantic | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

WATER

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Water | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Thames Water  | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Water | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Thames Water  | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Water | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Thames Water  | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Water | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Thames Water  | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| British Water | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Thames Water  | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

GUIDE TO LONDON SHARE SERVICE

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Inv   | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Equity Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Global Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Investment    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| International | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Midland       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| North British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Prudential    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Scottish      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| South British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Union         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Windsor       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

MEDIA

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Inv   | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Equity Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Global Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Investment    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| International | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Midland       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| North British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Prudential    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Scottish      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| South British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Union         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Windsor       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

MOTORS

| Company       | Price  | Change | Yield | Div  | Div Yr |
|---------------|--------|--------|-------|------|--------|
| British Inv   | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Equity Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Global Growth | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Investment    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| International | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Midland       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| North British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Prudential    | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Scottish      | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| South British | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Union         | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |
| Windsor       | 100.00 | 0.00   | 5.00  | 5.00 | 5.00   |

OTHER INDUSTRIALS

| OTHER INDUSTRIES |        |        |
|------------------|--------|--------|
| Company          | Price  | Change |
| British Inv      | 100.00 | 0.00   |
| Equity Growth    | 100.00 | 0.00   |
| Global Growth    | 100.00 | 0.00   |
| Investment       | 100.00 | 0.00   |
| International    | 100.00 | 0.00   |
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**IDS NOTES**  
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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Slight pressure on franc

BOTH the French franc and the Danish krone weakened mildly against the D-Mark yesterday after the Bundesbank surprised some dealers by deciding not to change its officially posted interest rates at its fortnightly council meeting, writes James Blitz.

The decision not to reduce either the discount rate or the rate for securities repurchase tenders caused some disappointment. Earlier in the week, the Bundesbank President, Mr. Helmut Schlesinger, had suggested that short-term money market interest rates could drop in the wake of reserves in German minimum requirements, and the D-Mark softened on Monday and Tuesday.

Yesterday, positions were retraced. The franc closed at FF3.398 to the D-Mark, 1/4 cent down on the day. At lunchtime in the US, the franc crossed the FF3.40 level against the D-Mark for the first time in more than a month.

The Danish krone also wobbled a little yesterday, dipping sharply to DKR8.8550 to the D-Mark from DKR8.835 to the news from Frankfurt emerged. By last night it was comfortably trading at DKR8.8369 again.

The dollar fell back more substantially, however, it lost nearly a penny to close at DM1.6355.

If the market's reaction was muted yesterday, it was because there was a strong expectation of an easing in Bundesbank policy at the next council meeting on March 18.

Negotiations on the Solidarity Pact to reduce Germany's budget deficit and help the reconstruction of eastern Germany will resume again on March 11-12, and the successful conclusion of these talks may be an important precursor to any further easing in Bundesbank policy.

Miss Alison Cottrell of Midland Global Markets says the talks are unlikely to be fully completed before the summer. But she believes there may soon be a resolution of the critical issue of how the central bank of the D-Mark will share the development costs of east Germany in the 1990s.

and this may help to bring a cut in the discount rate in two weeks time.

Some market participants said there could still be a resumption of ERM strains in the interim. Mr. Jeremy Hawkins, senior economic adviser at Bank of America in London, believed that pressure on the franc could intensify if the Bundesbank does not cut its repo rate next Tuesday. A leading London-based fund manager said that ERM pressure was unlikely to emerge, however, because of a feeling that the Bundesbank would ease policy in the event of any pressure on the franc.

One factor testing the D-Mark's strength will be today's non-farm payroll figure in the US. The market is expecting the February figure to come between 80,000 and 150,000. According to Mr. Hawkins, the D-Mark will only make gains if the figure comes in at a very low level.

## EMS EUROPEAN CURRENCY UNIT RATES

| Currency          | Unit   | Rate    | % Change |
|-------------------|--------|---------|----------|
| French Franc      | 100    | 1.6355  | -0.01    |
| Italian Lira      | 1,000  | 2036.27 | -0.01    |
| Spanish Peseta    | 166.64 | 166.64  | -0.01    |
| Portuguese Escudo | 200.48 | 200.48  | -0.01    |
| Belgian Franc     | 103.34 | 103.34  | -0.01    |
| Dutch Guilder     | 3.6033 | 3.6033  | -0.01    |
| German Mark       | 1.00   | 1.00    | -0.01    |
| Swiss Franc       | 1.4536 | 1.4536  | -0.01    |
| British Pound     | 1.5460 | 1.5460  | -0.01    |

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## FINANCIAL FUTURES AND OPTIONS

## LIVE EURO CURRENCY FUTURES

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## FINANCIAL FUTURES AND OPTIONS

## LIVE EURO CURRENCY FUTURES

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**4 pm close March 4**

[illegible]

**REPORT ON THE STATE OF**

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**NASDAQ NATIONAL MARKET**[illegible]

4 pm close March 4

[illegible][illegible]

## Perrier battle ends with settlement

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## AMERICA

## Strong rally in bonds fails to lift US stocks

## Wall Street

ANOTHER strong rally in bond prices failed to lift stock market sentiment, which was depressed by disappointing economic news, writes Patrick Horsman in New York.

At 1 pm, the Dow Jones Industrial Average was down 11.34 at 3,392.70. The more broadly based Standard & Poor's 500 was 1.93 weaker at 447.33, while the Amex composite was down 1.16 at 412.31, and the Nasdaq composite 8.01 lower at 677.91. Trading volume on the NYSE was 138m shares by 1 pm.

Weak overseas markets set the tone for a downbeat opening to trading in the US. The latest big rise in bond prices, which at one point sent the yield on the benchmark 30-year bond issue down to another record low of below 6.7 per cent, was ignored, primarily because the rise in bond prices was sparked by economic figures that disturbed stock market investors.

The day's data showed that state unemployment claims for the third week of February rose by 26,000, far more than the 1,000 increase analysts had been expecting, and that factory orders fell 1.3 per cent in January. The jobs numbers

were especially worrying - today the government releases the February employment report, and investors are worried that the figures will show that jobs growth continues to languish in an economic recovery that may even be slowing down.

Among individual stocks, trading remained heavy in RJR

## NYSE volume

350 (million)

300

250

200

150

100

50

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1992 200 310 400

February 1993 Mar

Average daily volume

1992 200 310 400

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## EUROPE

## Continent easier after Buba statement

WHILE the Bundesbank's constancy did not surprise, some bourses reflected a disappointment, writes Our Markets Staff.

FRANKFURT fell back in expectation of the Bundesbank's announcement after the close with some analysts commenting that the market now felt a lack of direction. The DAX index finished 6.33 lower at 1,687.40, as turnover fell to DM5.3bn from DM5.1bn.

Schering was one of the day's strong performers, rising DM9.50 to DM745.50 on hopes that a drug for multiple sclerosis, which will be the first of its kind, will gain approval from the US Federal Drug Administration later this month.

In contrast Siemens weakened DM2.20 to DM662.80. Mr Glen Liddy, a German analyst at Kleinwort Benson in London, said that the stocks current discount to the market was unjustified given forecasts of a modest earnings recovery in 1993. He added that the stock had been overvalued due to a sense of relief that Philips' results were more or less in line with expectations. The

weeks with big orders coming from India and Hong Kong. PARIS had a volatile day with the CAC-40 index moving between a day's high of 2,007 and a low of 1,978 before closing down 8.49 at 1,986.75 in turnover of some FF3.5bn.

Peugeot lost FF31 to FF590 as the view gathered momentum that this year will be extremely tough for the sector and further negative reports were published. Michelin slipped FF3.80 to FF179.70.

In spite of reporting its first ever loss due to taking provisions on property holdings, Suez closed up FF6.80 at FF306.00. Some analysts commented that while the results had been dreadful there was speculation that the chairman might leave allowing a change in the shareholding structure, with UAP being mentioned.

Lafarge lost FF16.50 to FF340.00 on disappointing results from its bioactivities division. Axa gained FF28 to FF127.27, supported by recent results from Equitable Life.

MILAN resumed its upward trend after Wednesday's pause with much of the interest again centring on blue chips

that have lagged this year's rally. The Comit index rose 3.58 to 536.72.

Olivetti found support, fixing L108 higher at L2,448 before easing to L2,440 after hours.

Analysts suggested variously that the group will benefit from more stable prices in the PC market; that the share was the subject of general rotation among stocks; and that the buying could be linked to Olivetti's accord with Digital Equipment of the US last year which provided for the US company to buy 9.5m Olivetti shares by this June.

Retailer Rinascente rose L310 to L4,710 as old rumours resurfaced of its imminent sale by Fiat. The car maker fixed L99 ahead to L6,000 before slipping

to L5,970 after hours. Slip bucked the trend, falling 1.57 or 3.2 per cent on the tele-matic system to L1,706 on rumours of a possible rights issue.

ZURICH was little changed in moderate trading and the SMI index edged 2.5 lower to 2,139.5.

CS Holding, the most active stock, firmed SF30 to SF2,360 ahead of today's Credit Suisse press conference at which it is expected to report a slightly higher profit for 1992.

Roche certificates were firmer in early active trade but they slipped to close unchanged at SF4,010.

BRUSSELS eased although Banque Bruxelles Lambert gained Bfr150 or 4.5 per cent to Bfr3,450 after forecasting strong earnings recovery in 1993. The Bel-20 index shed 4.80 to 1,204.71 in turnover of Bfr1.3bn.

ISTANBUL added 3.7 per cent after Wednesday's 3.1 per cent rise, on favourable February inflation reports and three-month auction results. The market index closed up 213.21 at 6,027.16 after Wednesday's 176.72 point rise.

ASIA PACIFIC

underwriting role for JR East. Nippon Comsys, an electrical engineering group with close links to NTT, declined Y12 to Y719, while Fujikura, the cable company, receded Y9 to Y370.

Tokyo Electric Power, which relies on fuel imports, advanced Y80 to Y2,740, while electrical engineering concerns affiliated to the power suppliers gained ground. Kyudenko appreciated Y50 to Y1,640 and Kandenko moved forward Y40 to Y2,170.

Brokerage issues fell on earnings worries. Daiwa Securities dipped Y30 to Y820 and Nomura Securities Y20 to Y1,440. Nomura announced plans to cut executive salaries by 10 to 20 per cent from March due to worse than expected earnings prospects.

In Osaka, the OSX average shed 71.27 to 17,855.38 in turnover of 118.8m shares. Volume

surged on cross trading by investors wanting to realise profits on stock holdings.

Volatility on the currency markets hurt leading exporters, while importers of raw materials and fuels, seen as beneficiaries of a higher yen, were firm. Electric power companies were the top gaining sector, rising 1.4 per cent.

Railway-related shares were picked up by dealers who hope that the autumn listing of JR East, created by a break-up of the former state-owned Japan Railways, could ignite interest in companies with close links to railway companies.

Nippon Telegraph and Telephone, which has gained some 10 per cent in the past four trading sessions, relinquished Y4,000 to Y666,000 on light profit-taking. Mr Chris Newton at James Capel attributed the recent rise of the semi-state-owned company to buying by Japanese securities houses, wanting to gain the lead

SOUTH AFRICA

JOHANNESBURG extended its decline with a fall in the overall index of 18 to 3,349 and in the industrial index of 25 to 4,404. The gold index shed 14 to 933. De Beers lost 75 cents to R63.50 but Anglos gained 40 cents to R94.90.

## FT-SE Actuaries Share Indices

| THE EUROPEAN SERIES   |         |         |         |         |         |         |         |         |         |           |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| March 4   | Open    | 10.30   | 11.00   | 12.00   | 13.00   | 14.00   | 15.00   | Close   | FT-SE   | Actuaries |
| FT-SE Eurotrack 100   | 1160.50 | 1157.78 | 1156.65 | 1156.91 | 1155.03 | 1158.05 | 1157.28 | 1156.15 | 1222.74 | 1218.11   |
| FT-SE Eurotrack 200   | 1222.74 | 1218.11 | 1217.73 | 1216.54 | 1215.04 | 1220.14 | 1218.63 | 1216.30 |         |           |
| THE EUROPEAN SERIES   |         |         |         |         |         |         |         |         |         |           |
| March 3   | March 2 | March 1 | Feb 26  | Feb 25  |         |         |         |         |         |           |
| FT-SE Eurotrack 100   | 1158.90 | 1158.71 | 1158.20 | 1159.80 | 1126.08 |         |         |         |         |           |
| FT-SE Eurotrack 200   | 1221.03 | 1211.84 | 1213.57 | 1194.07 | 1178.13 |         |         |         |         |           |
| Base value 1000 (26/10/80) High/Low: 100 - 1160.00 200 - 1220.00 Low/Low: 100 - 1154.00 200 - 1214.41 |         |         |         |         |         |         |         |         |         |           |

CBS Tendency index advanced 1.1 to 101.0 as Philips added F1.10 to F122.50. Analysts pointed to the weakness of the consumer electronics division and the group's need to take a further F1.12bn of restructuring provisions. Polygram put on F1.70 to F148.00.

DSM's results did not surprise as the group halved the dividend and the shares put on F1.60 to F173.20, still down 4.5 per cent since the start of the week. Akzo gained 70 cents to F173.20. Heineken, which released solid figures just after the close, was F1.20 firmer at F187.50.

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## Volatile Mexico keeps a careful eye on Clinton

Damian Fraser finds big reactions to small events

ONE week ago, Mexico's stock market was in trouble. Down 18 per cent from the January 6 high of 1,838, the market had been rocked by President Bill Clinton's equivocal commitment to the North American Free Trade Agreement, and subsequent higher interest rates.

But just as despondency was about to set in, the market shot up 2.8 per cent last Friday, and in one week has gained around 6.5 per cent. The market seemingly decided, after last Friday's set-piece speech by Mr Clinton on international relations, that stocks were cheap, and that the US president was, after all, solidly behind Nafta.

Always one of the world's more volatile markets, Mexico has this year hit new records for its sensitivity to small events. Whereas in the past, volatility may have been affected by news in individual stocks, recently, as Mr Roberto Barrera, of the brokerage Invermexico, points out, almost all Mexican stocks have gone up or down together, mainly in reaction to news about Nafta and movements on Wall Street.

The day Mr Clinton's administration slapped duties on imported steel, the *bolsa* fell 2.2 per cent, fearing protectionism from the White House. When Mr Richard Gephardt, the leader of Democrats in the US House of Representatives, complained about a \$3.75m Mexican government investment in a fund that bought US companies and moved them to Mexico, another 2.1 per cent was lost. When Mr Brian Mulroney announced his intention to resign, the Canadian problem suddenly became current

and the Mexican market shed a further 1.75 per cent.

While such falls partly reflect Wall Street's negative reaction to Mr Clinton's economic plan, fears over Nafta were crucial. The treaty's prompt approval matters so much, analysts argue, because it will encourage more direct

investment into Mexico, and improve expectations of such investment. This should allow interest rates to fall since pressure to attract short-term money market investment to finance the fast growing trade deficit will have subsided.

Lower interest rates will increase growth and corporate earnings, and on top, make the equity market more attractive relative to the money market. Further still, says Mr Jorge Mariscal of Goldman Sachs, the safe passage of Nafta should allow a significant increase in government spending to coincide with next year's presidential elections.

The perceived dependence on a single event outside the Mexican government's control explains the full extent of the

*bolsa*'s reaction to nuances of US economic and trade policy. And since foreign, mainly US, investors dominate trading in Mexico's liquid stocks such as Telcel, there is nothing the Mexican authorities or institutions can do to reduce their exposure.

But unlike last June, when the market tumbled for similar reasons, there has yet to be any pressure on the peso, which has devalued by far less than the 40 centavos a day permitted by the Bank of Mexico.

Mr Jacques Levy, head of the international side at Banamex-Actival, Mexico's largest financial institution, says: "While people talk about the current account deficit problem, Nafta and so on, I have to sell dollars to the central bank every day."

Foreigners have simply switched their investment from the equity market to money markets and CDs. The 28-day interest on *Cetes*, Mexican government paper, is now at 18 per cent, about 15 percentage points above the equivalent paper in the US. The higher yield for most investors more than offsets the risk of a devaluation against the dollar.

For the rest of the year, analysts are expecting still more volatility while news about Nafta remains unclear. Nevertheless, "this could change very quickly if the US sends a strong positive signal about Nafta," says Mr Mickey Schlein of Morgan Stanley. All eyes are thus focused on March 17, when US, Canadian and Mexican negotiators meet in Washington to discuss the proposed parallel agreements on labour, the environment and import surges.

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## Baring Securities

## WHAT ARE THE OPTIONS IN HONG KONG